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ABSTRACT

The purpose of the small business management program is to help families improve the effectiveness of their business operation and enable them to reach family and business goals. Similar to a successful program in farm management education operational in Minnesota since 1952, the program includes classroom instruction, small group instruction, individual instruction, and instruction in business technologies. Accurate recordkeeping is incorporated at all instructional levels. The curriculum and procedures for the program were pilot tested in six locations: Three in area vocational-technical institutes in Minnesota and three in communities with large minority populations. The program for American Indians is located in Arizona, for Mexican Americans in Texas, and for Blacks in North Carolina. The final report describes the following phases of the project: Site selection and staff development, selection and use of advisory committees, curriculum development, evaluation, and dissemination activities. Appendixes comprising about half the document (72 pages) contain forms for use in implementing the program. These include cost study analysis for an annual report, the Norper test on profit maximizing principles in both English and Spanish, the Business Attitudinal Inventory in both English and Spanish, and supplementary forms in Spanish. (The instructor's guide, curriculum, and practice problems developed are in separate volumes.) (Author/RG)

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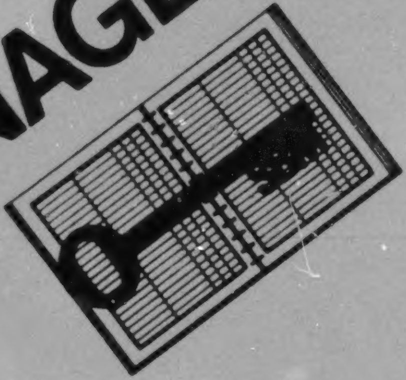

Volume IV

Final Report

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Development, Demonstration and Evaluation
of Management Education Programs for Small
Business Entrepreneurs, Including Minorities

AN ADULT
EDUCATIONAL
PROGRAM

VT 103 599

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SMALL BUSINESS MANAGEMENT
VOLUME IV: FINAL REPORT

Development, Demonstration and Evaluation of Management Education Programs for Small Business Entrepreneurs, Including Minorities

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St. Paul, Minnesota
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DEVELOPMENT, DEMONSTRATION AND EVALUATION OF MANAGEMENT EDUCATION PROGRAMS FOR SMALL BUSINESS ENTREPRENEURS, INCLUDING MINORITIES

CHAPTER I

INTRODUCTION

About four out of every ten workers in the United States are employed in a small business.* The businesses for which they work handle about 40 percent of the nation's total business volume and are distributed across the land in both city and rural areas. While these businesses conduct only 40 percent of the trade, they make up about 95 percent of the total number of businesses engaged in retailing, wholesaling, manufacturing, or service. The impact of the success or failure of the small business has an enormous influence on employment and general economic growth as well as on the individual entrepreneurs.

Educational opportunity in vocational education does not focus on the need for upgrading and improving business management skills. The total picture of educational opportunity is, in fact, one of gross imbalance. Programs of vocational education at less than the baccalaureate degree are almost exclusively designed to train technicians or employees. Little attention is focused at the job of management or the broad area of skills and abilities that may be defined as entrepreneurship.

An examination of the offerings of twenty-six area vocational technical schools in Minnesota shows that of the 177 occupational courses offered during 1968-69, only 10 were designed to train for management level positions or included entrepreneurial skills in the course of study.[1] The lack of attention to entrepreneurial skills suggests that this area of training is left to some other kind of institution or relegated to learning by trial and error.

Management training is commonly offered at the collegiate level. It would be logical to assume that those desiring such training would take advantage of this opportunity before becoming small business entrepreneurs. The facts, however, belie this assumption. The educational level of the vast majority of small business entrepreneurs, particularly those in the small towns and rural areas of Minnesota or other similar areas is below the baccalaureate level. There are over 60,000 small businessmen in Minnesota alone, of whom the majority have no formal training in management.

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*As defined by the Small Business Administration.

[1] Minnesota Department of Education "Directory of Courses Offered in Vocational Technical Schools;" Minnesota Department of Education, St. Paul, 1969.

If the rate at which businesses close is an indicator of the need for entrepreneurial training, then the 400,000 business closures in the United States each year is ample evidence of the training need.[1]

Failure is often associated with poor management. Four common causes of business failure: 1) inexperience in operation, 2) inexperience in management, 3) imbalanced experience, and 4) incompetence, account for 92 percent of all business failure.[2]

Successful business firms, on the other hand, are often characterized by experienced management, well trained for their tasks, who make good use of the tools of management--consultants, budgets and financial controls. They operate within a realistic framework of goals and objectives.[3]

There is a distinct parallel between small business firms and farm production firms. While there are marked differences in the technologies of the two groups, the problems of management have a high degree of similarity. The problems of establishing goals, choosing alternatives for business operation, organizing resources, gathering information about the business, managing labor and evaluating business progress along with constant upgrading of technical skills are of foremost importance.

It should be noted that the Minnesota management education program for farms is truly directed at management rather than specific technologies of the farm business as evidenced by the current adoption of the program in Minnesota, North Dakota, South Dakota, Iowa, Wisconsin, Nebraska, Washington, Oregon, Alaska and Pennsylvania. In spite of wide differences in the technical practices of operating farm businesses, the application of sound economic and management principles has universal appeal.

The similarity in problems between farm and non-farm businesses is illustrated to call attention to the practical nature of this study. A farm business management program for farm production entrepreneurs has been functional in Minnesota for over a decade. There has been an enormous investment of resources to refine a system of instruction that has demonstrated an unusually favorable cost-effectiveness relationship.[4]

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[1] William Hood. "Success or Failure of New Small Manufacturers," Management Research Summary, Small Business Administration. Washington, D.C., 1963.

[2] Ibid.

[3] Ibid.

[4] Edgar A. Persons and others. An Economic Study of the Investment Effects of Education in Agriculture, U.S.O.E. Project 427-65, University of Minnesota, 1968.

In reporting this study, frequent reference will be made to the instruction-analysis system developed and tested in Minnesota for improving farm management. This system is now thoroughly institutionalized and it continues as a research-oriented system with continuous feedback and evaluation. The useful elements of this existing system are sufficiently congruent with the study to warrant frequent reference with respect to significance and also procedure.

The system of education which combines large group, small group and individual instruction has been found to be most effective for upgrading the entrepreneurial skills of farm operators. Recent revisions of a suggested course of study for management education has further refined the instructional content.[1] In addition, considerable effort has been directed at perfecting a system of business records and farm business analysis to take advantage of modern computer hardward.[2,3]

The farm management program for farm production entrepreneurs is currently functioning in about 150 Minnesota schools. In 130 schools there are one or more agriculture teachers whose primary responsibility is to conduct farm business management programs. In another 20 schools, part of the time of one or more instructors is assigned to a similar task. The recent growth of the program has indicated the response of vocational agriculture to a real instructional need. After starting in 1952 with about 100 farmers, the program now has an enrollment of over 6,000 farm families. Most of these families keep records in a prescribed account book and submit the completed record for summary and analysis.[4]

Business records and accounts have been an essential feature of farm management education since its beginning. A uniform system of accounting and a uniform system of business summary and analysis have been valuable aids in gathering information useful in making decisions. Factors shown by statistical analysis to to be highly correlated with business success are used to help diagnose the causes of poor business performance. They also serve as guides for adjustments in the allocation and use of business resources. Electronic computation is utilized to improve the accuracy of the business analysis and to expand the ways in which the data from farms can be compiled.[1]

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[1] Ralph Palan and Edgar A. Persons. A Course of Study for Adult Instruction in Farm Management and Farm Business Analysis, Third Edition, University of Minnesota, 1972.

[2] Edgar A. Persons. "Farm and Home Business Records Analysis by the Use of Automatic Data Processing Equipment," Colloquium Paper, Agricultural Education Department, University of Minnesota, 1965.

[3] Persons, et al. Demonstrations of Innovations in Adult Education in Agriculture, U.S.O.E. Project 7-0758, University of Minnesota, 1970.

[4] Charles M. Painter. "Vocational Agriculture Farm Analysis." Austin Area Vocaitonal Technical School, Austin, Minnesota, 1969. (Similar reports are available from the Area Vocational Technical Schools at Mankato, Thief River Falls, Duluth, Willmar, St. Cloud and Winona.

The economic returns to farm families who have been enrolled in business management programs have been impressive. A recent evaluation study shows a benefit-cost ratio of about 4:1 for farmers when benefits were measured in labor earnings (a measure of net income to labor and management) and costs included all direct and indirect costs (including opportunity costs) incurred by the farmer.[2]

Communities also benefit from training programs for entrepreneurs. The benefits to communities can best be assessed by determining the increased business activity stimulated by the consequences of entrepreneurial training. Studies show an increase in farm sales (a measure of gross income) to be nine times greater than the total community investment in farm management instruction. If the multiplier effect commonly associated with community business transactions is applied, the benefit-cost ratio of 9:1 is expanded to 50:1 or more by this spending phenomena.

There are unique elements to the educational importance of this study. It may be worthwhile to attempt to illuminate several of them.

It will be agreed, first of all, that the wealth and growth of a community or a nation depends on the productivity of its citizens. This productivity is dependent upon the aggregate returns to land, labor, capital and entrepreneurship and to a self-regulating balance among these four factors of production. Educational emphases have not been planned in relation to these factors or their balance. Accordingly, it is not possible to determine the influence of education or the contribution of the factors nor is it possible to examine its negative aspect, namely, the cost of the absence of an educational emphasis. The exception to this is the educational focus toward labor; ordinarily vocational education is regarded as a systematic way to improve the quality of the labor force. The focus of any educational program toward entrepreneurship is unique, particularly educational programs organized at less than baccalaureate degree levels. This program concentrates on instruction for entrepreneurship. In addition to its usefulness as a possible exemplary program, it has added significantly to the literature on the economic functions relating to education directed toward another of the major factors of production, entrepreneurship.

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[1] Edgar A. Persons. Documentation for Farm Business Record Analysis. Agricultural Education Department, University of Minnesota, 1967.

[2] Persons, and others. An Economic Study...

A unique element is its focus on a special category of the disadvantaged. Ordinarily the disadvantaged are regarded as persons whose condition of employment is fragile, spasmatic or missing. Another important category of disadvantage includes small businesses struggling to survive, and thus to retain their employees, in the setting of increasing entrepreneurship competitiveness. At the rate of business failure in the United States, any improvement in entrepreneurial skill which would reduce the rate would have a significant effect on the incidence of economic disadvantage which otherwise would result in failure in a self-employed business.

A third element involves the extent to which this program serves the beginning stages of programmatic development rather than the mere completion or execution of a project. Systems development requires a career commitment. Moreover, it requires continuity in systems testing and improvement; an integral part of the program. The conceptual and procedural parallels between this program and the instruction and analysis programs in farm management is the assurance of programmatic intent, rigorous pursual of program objectives and career commitment.

Because the basic problems of management are similar among farm and nonfarm business firms, there was reason to believe that instructional programs with parallel modes of operation can produce the results similar to those shown in the farm business management. The principle problem that remained to test this assumption was the careful development of a program of instruction that was appropriate for small business entrepreneurs.

Purpose and Objectives

The purpose of this program was to develop and test a management curriculum for small business entrepreneurs in order to assist the businessmen in acquiring growing entrepreneurial skill.

Specific objectives were:

1. To develop a course of study for small business entrepreneurs that will parallel the purposes and objectives for management training as proven successful with farm production firms.

2. To test and refine management education by establishment of an educational program in at least three area vocational technical institutes.

3. To evaluate the effectiveness of the management education program by a benefit-cost analysis of the businesses enrolled during the first three years of management instruction.

4. To prepare a compendium of recommended procedures for planning and establishing a business management program for small businessmen.

5. To prepare a bibliography of instructional materials that can be used by area vocational technical schools and others in conducting management programs for small business entrepreneurs.

The business management program which was suggested in this program was designed to make progress toward the following objectives.

1. To increase the entrepreneurs knowledge and understanding of the economic and business principles upon which sound business decisions are based.

2. To develop the entrepreneurs ability to effectively utilize the decision-making process in the management of his business.

3. To develop the entrepreneurs ability to adapt his business to changes in response to predicted business trends.

4. To increase the businessman's knowledge of the technical aspects of his business operation.

5. To increase the entrepreneurs skills in performing the functions of management and business operation.

6. To inprove the entrepreneurs ability to recognize the use and values of auxiliary services and agencies in the operation and management of his business.

7. To increase interest in the total welfare of the community and increase civic responsibility.

Significance of the Study

The significance of the study can best be illustrated by reference to the number of persons who might benefit from the instruction. As was previously reported, there are over 60,000 small businesses in Minnesota alone. If one-quarter of these businesses could be eventually enrolled in management education for small business entrepreneurs, and if they could enjoy the same benefit-cost ratio as exhibited by the farm families in their own program, the proposed program would have a significant effect on the income of the small business community. If the one-quarter of the businesses were to each invest $200 per year for three years of management education, they could collectively increase their returns to capital labor and management by nine million dollars or more. When the multiplier effect is applied to this sum, the resulting stimulation of business activity in the small business community is impressive.

Not to be overlooked is the contribution that such a program can make to those in the economically poorer regions of the State. Many such areas are characterized by a lack of educational opportunities for self improvement. Organizing programs such as proposed through area vocational technical schools gives access to self-help programs to all businessmen and expands the opportunities in the depressed areas for businesses to improve. Programs of management for small business entrepreneurs coupled with an active farm management program will provide an opportunity for all entrepreneurs in rural areas to improve their management skills. With 70 percent of Minnesota's poor living outside cities of the first class, a program aimed at small business will directly or indirectly have a major impact on the well-being of a large segment of the population.

Not to be overlooked are the non-economic benefits which often accrue to those who engage in their own professional improvement.[1] The opportunities for raising the level of living of participants are most obvious. More subtle are the ways in which active education participants view education for themselves and their children the way in which increased affluence provides opportunities for more leisure time, and the enjoyment of cultural activities not part of the normal pattern of living.

Vocational training has been aimed primarily at the employee and technician. It is significant that this program offers a similar opportunity to the entrepreneur to gain the training necessary to compete in today's business world.

Procedures

The activities of this program can be divided into two phases: 1) a development phase, and 2) a testing and evaluation phase.

The Development Phase

This program was based upon the assumption that the mode of operation of the farm business management program was appropriate for small business entrepreneurs. Therefore, the purpose of the developmental phase was to adopt the course of study for farm business management for use with small businesses. Materials of instruction were reviewed and carefully selected to illustrate the economic and business principles that must be understood to effect good business management. A uniform system of records and accounts were established to provide the analytical measures of business success.

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[1] Howard Kittleson. Attitudes to Entrepreneurial Behavior and Education-Their Relationship to Instruction. U.S.O.E. Project 7-10501, University of Minnesota, 1969.

Program development began with a compilation of the materials that were available for instruction. The Small Business Administration and the Business Education and Distributive Education sections of the University of Minnesota and the State Department of Education were valuable resources in providing lists of materials to be appropriately used in instruction.

The next step in the development process was to adopt the course of study for management education to the small business enterprise. The objectives of each unit were carefully reviewed. Where appropriate, they were changed to better suit the business community. Each objective was carefully weighed in reference to the several program objectives previously reported to determine if it was compatible with the intent of the management program.

A teaching plan was devised for each unit in the curriculum. The teaching plan outlined in the body of the lesson, provided suggestions for teaching procedures and a list of references which were appropriate. From the library of teaching materials previously compiled, those items appropriate for each session were selected. For areas where no suitable reference materials existed, the project personnel developed some basic materials for use in instruction.

Concurrently with the development of materials for large group use, plans were made for suitable small group and individual instruction.

To assist in determining the appropriateness of the instructional plan, the materials were subjected to study by two panels of expert consultants. The first panel was composed of business professionals who had served as an advisory board in the initial preparation of the prospectus for this program. It included representatives of the Small Business Administration; Program Planning Section of the State Department of Education; the University of Minnesota Departments of Business and Office Education, Distributive Education Trade and Industrial Education and Agricultural Education; the Agricultural Extension Service through the Concerted Services Branch; the Area Vocational Technical Institutes; and the adult agriculture instructors of Minnesota.

The proposed system was reviewed in a concentrated workshop session. Workshop participants were asked to evaluate each lesson in terms of its appropriateness for small businesses of various types. The consultants were urged to revise the materials for the system as they deemed necessary.

When the system had been revised by the first panel of consultants, a second panel was called to evaluate the program. A panel of eight small businessmen was selected from outlying towns and cities in Minnesota. They convened in workshop session to review the system and to revise sections where appropriate. These workshop sessions were preceeded by a visit to one of the operating farm management education programs and included observation of large group, small group and individual instruction. Consultants from agriculture worked with this panel in making the final adaptation of the system to the small business entrepreneurs.

In the time space intervened between the two workshop sessions, the project personnel, with the aid of suitable consultants prepared the materials in a form suitable for evaluation by the panel of businessmen. Following the evaluation by the second consultant panel, the materials were finalized for use in pilot programs.

Another important task during the development phase was the construction of a suitable accounting system for the businesses to be enrolled. While cash accounting is an important element of any accounting system, there are other elements of good business records that had to be incorporated into the overall plan. The system had to provide for inventory accounting, division of the business into departments, transfer of assets or changes within the business, records of labor use, accounting for liabilities and payment on debts, accounts receivable, production records, and resource utilization records. The panel of consultants was used to decide if there were other forms of business records essential to the analysis of management efficiency and organization of a small business.

A large variety of business measures now commercially published were considered for their applicability as suitable benchmarks from which business progress can be measured.

The basic system of business accounting was developed in operational form prior to the establishment of the pilot programs. The system was subjected to constant modification and upgrading as users found new and better ways to keep records of the various kinds of transactions within the business.

CHAPTER II

SITE SELECTION AND STAFF DEVELOPMENT

Site Selection

Minnesota Pilot Schools

Selecting pilot schools for testing the Small Business Management curriculum was complicated by two factors: 1) None of the Area Vocational Technical Institutes had existing programs for small business management education, making a random selection of schools to test a new curriculum impossible; 2) Since the pilot schools had to generate their own operating funds, only those schools could be considered that agreed to fund their own programs through requests to the State Department of Education and local tax revenues.

The interest of schools in serving as a pilot test center was assessed by contacting the directors of each post-secondary Area Vocational Technical Institute via mail. The mail contact provided a brief description of the Small Business Management program as envisioned by the project staff. Schools that were interested were asked to respond by submitting a prospectus for operation of the program in their community. Letters of support from local Chambers of Commerce, support letters from advisory committees, statements from school officials and other supporting evidence of need in the community were part of the requested prospectus.

Of the thirty-four area vocational technical schools surveyed, responses were received from sixteen. Three of the sixteen who responded expressed interest in the program but did not request selection as a pilot center because of budget restraints, lack of community interest or competition with other existing programs in the schools.

Applications from the remaining thirteen schools were reviewed by the project staff and a preliminary selection of schools made. The staff selection was based on the criteria of geographic distribution, population density, and type of community. Recommendations of the project staff were then reviewed by the leadership in Vocational Education at the State Department of Education. This review group included the Assistant Commissioner for Vocational Education, the Chief Administrativer Officer of the Programs Operations Section, and the Head of the Adult Education Division. It concert with the project staff, an alternative school was selected to represent the more densely populated area in the Minneapolis-St. Paul standard metropolitan district.

Final selection of pilot centers included the following schools:

Thief River Falls Area Vocational Technical Institute, Thief River Falls, Minnesota.

Thief River Falls, located in extreme Northwestern Minnesota, is a region of comparatively low population density. It is chiefly an agricultural area with the small business communities of the towns and villages providing the distribution and personal services for the rural communities. There is limited large business or manufacturing represented in the area except for limited activity within the city of Thief River Falls. The school has operated a successful farm management education program for many years and was familiar with the nature and design of management programs for adults.

Anoka Area Vocational Technical Institute, Anoka, Minnesota.

Anoka is within the seven county standard metropolitan district centered in Minneapolis/St. Paul. It is regarded as a suburb of Minneapolis, and in addition to its role as a bedroom community for the greater Twin Cities area, provides the distribution and personal services for the urban area. While a portion of the area served by the school is agricultural, the chief resource in the rural area is people. Major manufacturing or large business firms are not prevalent in the service area.

Anoka has not had a farm management education program or any other adult education program aimed at the long term improvement of entrepreneurial skills.

Faribault Area Vocational Technical Institute, Faribault, Minnesota.

Fifty miles of super-highway connect Faribault to Minneapolis/St. Paul. Thus, it serves a dual role as a bedroom community for those who work in the greater Twin Cities area as well as providing distribution and personal services for the surrounding rural area. The community has a strong agricultural base and has an outstanding program in farm business management education in the AVTI.

The area is characterized by smaller, but highly productive farms and a large number of small towns and villages providing support services.

Selecting Minority Pilot Test Sites

Choosing the locations at which to inaugurate a pilot test program in Small Business Management was most difficult. The staff was not personally acquainted with administrative personnel in any areas with high concentrations of minority persons. The problem of selecting test sites was augumented by the large geographic dispersion of areas known to have high population densities of minorities, and the necessity to find areas where significant numbers of Blacks, Mexican-Americans and American Indians were engaged in business.

The staff made an early decision to separate the minority pilot programs into specific racial groups--Black, Mexican-American, and American Indian--to reduce the confounding variables that would be introduced by mixing racial groups who may have distinctly different cultural attributes Thus, it was necessary to search for communities that had large populations of specific minority populations.

While it was conceivable that communities could be found in Minnesota where sufficient numbers of minorities were located, further investigation ruled out Minnesota as a test location for the minority phase of the project. Because it was necessary to have a fairly large and dense population of minority businessmen, none of the Minnesota areas qualified. For example, there were only 82 Indian owned businesses in Minnesota, and they were scattered over such a large territory that a single program could not manage the logistics problems due to dispersion. While the Mexican-American population was concentrated almost exculsively in the cities of Minneapolis and St. Paul, the numbers engaged in business were small. The problem was further complicated by the population residing in two separate and distinct school districts which have not been characterized by cooperative efforts. While a sufficient Black population existed, the school failed to respond to our inquiry about a possible pilot program location. Failure to locate the programs in Minnesota drew sharp but brief criticism from both the American Indian and Black communities.

When the decision to locate outside of Minnesota was made, the staff proceeded systematically to locate alternative locations. Under the assumption that the number of minority businesses would be roughly in direct proportion to minority population, maps were secured from the census bureau that plotted the concentrations of persons by minority racial characteristics. A Separate map was obtained for each major minority. Based upon the plotted information, a number of alternative sites were considered for each minority pilot center.

When the preliminary selection of areas was complete, the staff examined copies of the census of population and county business patterns for each state in the chosen area to determine more detail as to the employment of minorities and the number engaged in various businesses. On the basis of this second screening, the alternative sites were narrowed to seven. The reduction to three is described in the separate minority report which follows.

American Indian

Three possible sites were considered: Pine Ridge, South Dakota; Klamath Falls, Oregon; and Window Rock, Arizona. The staff eliminated the Pine Ridge location based upon the then current political unrest over tribal control in the Pine Ridge reservation. It would have been an unfair test of the program objectives, were the project staff forced to deal with the politics of reservation life.

The Klamath Falls area was discarded because of the nature of the small business community. Almost all of the Indian businesses were tribal owned and managed. Since the Small Business Management program was aimed at entrepreneurship, the prospect of dealing primarily with corporate management was not viewed as consistent with the program aims and objectives.

The Window Rock, Arizona location came closest to meeting the criteria for selection. The area was vast--about 17 million acres populated almost exclusively by American Indians. While the tribe owned and managed some of the more stable and lucrative businesses, there were a fairly large number of Indian owned and operated businesses in the area. Since Window Rock is the "capitol city" of the Navajo nation, it also served as the focal point from which new programs originated. Contact was made with the Window Rock Public Schools, Fort Defiance, where the pilot center was installed as part of the adult education program under the jurisdiction of the secondary school.

Mexican-American

The choice of a Mexican-American community was strictly arbitrary. The map noting population densities showed all of the communities bordering Mexico to have a high Mexican-American population, stretching from California through Texas. In addition, several eastern seaboard communities had high population densities of Latinos, principally of Cuban and Puerto Rican extraction. The staff concentrated their selection in the Rio Grande Valley area since there were no major cities in this region and it was likely that the population was less integrated into American customs than areas known for greater sophistication.

Initial contacts were made with three border cities through their Chambers of Commerce. Each Chamber was queried via telephone to determine if there was an active interest in the area in adult education. The program was then briefly explained and queries made as to a contact person in the school system who might be assigned adult program responsibility. The most favorable response came from the Brownsville Chamber who directed the staff to the Adult Continuing Education Center managed by Arturo McDonald. Brownsville was subsequently selected to implement the pilot program.

Brownsville is a community of about 75,000 inhabitants, of which 85% are of Mexican-American parentage. It is characterized by many family owned and operated shops of all varieties and discriptions. While some heavy industry is located in the area, the community is geared more toward service to the agricultural industry and tourism. Adult education has been an important part of the mission of the school.

Black

Choosing a Black community in which to locate the third minority based pilot program was most difficult. Since the Black population is so widespread throughout the United States, almost any location in the cotton belt or major northern city would have been appropriate. However, the staff thought it might be advantageous to locate one program in close proximity to Washington, D.C. to allow for more frequent program monitoring by the U.S.O.E. representative, if desired. Two sites were considered: Eastern Shores, Maryland and North Carolina A & T University, Greensboro. Eastern Shores, Maryland declined the offer. North Carolina A & T was eager to accept, so arrangements were made to house the project in the Department of Agricultural Education, since that unit had the most experience in dealing with adult education.

The Greensboro location served the Piedmont Triangle of Greensboro, High Point and Salem. The area is about 30 percent Black, with Black business constituting an adequate population from which students could be drawn.

Summary

Sites for pilot testing the curriculum were located in several different settings. The Minnesota pilot schools (3) were all housed in Area Vocational Technical Institutes: post-secondary institutions of less than college grade.

The Minority locations represented three distinct organizational patterns. The Indian program was part of the regular adult education program of the high school. The Mexican-American program was in a separate adult education facility serving the entire district but not aligned with a single high school unit or service area. The Black program was administered in a 4-year college.

Final Locations represented:

1. High School based adult education
2. District based adult community education
3. Post-secondary vocational institutes
4. Regular 4-year degree granting institution

Instructor Selection

Selecting the instructor for each program was left to the individual schools. Since the pilot programs were operated as subcontracts from the University of Minnesota, the jurisdiction for hiring and supervising the instructional cadre was passed to the schools.

The project staff, however, assisted schools in writing the job description for the instructor. The job description is published in Volume I, Instructor's Manual, and is included here following this section. Since neither the hiring schools nor the project staff had experience in employing persons for this particular position, the qualifications were drawn to approximate the description of instructional cadre in the farm business management education program.

The Minnesota based programs were aided by a joint conference of hiring personnel (Area Institute Directors) and project staff. This session provided a medium for discussion of the desirable qualifications for instructors. One qualification not discussed, which later contributed to instructor turnover in one center, was the health and vigor of the instructor. Later experience would demonstrate that the position required persons who had the physical stamina to work under the rather irregular, but very demanding schedule of formal instruction and at-the-business consultation.

Because the teacher certification rules in Minnesota AVTI's do not specify the level of education required, the instructor position could not name specific course or degree prerequisites. Work experience prior to employment was specific, however. Each instructor had to have at least three years of active business management experience as an employed manager or business entrepreneur. As it turned out, all of the persons hired in Minnesota had at least a B.A. degree in addition to the required work experience.

While the same general characteristics were defined for instructors in the minority based programs, each minority school was encouraged to hire an instructor whose race matched the community. In all three cases, the school was successful. In the case of the American Indians, choosing an American Indian was not an adequate safeguard against cultural differences. The instructor hired was a Hopi Indian. The program was on the Navajo reservation. Many years of poor relationships between the tribes hampered his ability to work effectively with the Navajo population.

Of the six instructors initially hired by the local schools, three were judged by the project staff to meet the expectations for job performance. Two of the remaining three were replaced after a year or less of service by personnel of high quality. The other instructor remained with the program for the extent of the project but his performance was judged to be of less desired quality.

As a result of the opportunity to evaluate instructor performance and program accomplishment, it became apparent that the key to the success of the program lies with the quality of the instructional staff. While no general set of rules can be used to assess future instructor performance, it is clear that extreme care must be taken in matching the attributes of the prospective instructor with the expectations for job performance.

Instructor Pre-Service Training

Three different modes of pre-service training have been tried during the duration of the project. The first, used with the Minnesota instructors, was a concentrated five-day workshop (approximately 30 hours) in which the emphasis was placed on two major areas: 1) Program philosophy, and 2) How to recruit students and organize a Small Business Management program in the school. Instructors were then released to their schools to begin work. The in-service session was augumented with monthly in-service/evaluation sessions conducted by project staff.

The second attempt, used with the minority instructors, was a six-week session: four weeks of classroom/individual instruction and two weeks of internship with existing Minnesota programs. Because adequate time was available, the sessions included philosophy, recruitment of students, organization of the program, establishing advisory committees, understanding the curriculum, teaching methods including micro-teaching sessions, program and student evaluation, recordkeeping and analysis, and developing a management plan. The formal classroom instruction was followed by two weeks of internship--one week in each of two schools with existing Minnesota programs.

The third session, organized for new prospective teachers in other states and in Minnesota was conducted in two weeks--ten days @ 5-6 hours per day. The outline for that session is included below in its entirety. This mode of instruction was used twice--once in Minnesota and once in Alaska--to train prospective teachers.

Course Outline
Curriculum: Small Business Management Education
Minnesota: August 11-22
Alaska: September 2-9

I. Introduction

    A. Introduction of class members
    B. Review of course outline
    C. Review of materials of instruction
    D. Course organization and management

II. Background of Small Business Management Programs

- A. Philosophy of community education programs
- B. Development and history of farm management education - background for small business management
- C. Philosophy of small business management education
- D. Objectives of small business management education
- E. Role and responsibility of the instructor

III. Getting a Small Business Program Started

- A. Organizing community support and resources
- B. Organizing advisory councils or boards for small business management education
- C. Assessing needs, identifying clientele and securing enrollment

IV. Organizing a Record Keeping System

- A. The importance of small business records
- B. Determining the kinds of records to keep
- C. Setting up a record keeping system
- D. Working with a chart of accounts

V. Keeping Small Business Records

- A. How to keep small business records suitable for business analysis
- B. Checking accounts for accuracy
- C. Closing accounts for analysis
- D. Preparing analysis data
- E. Analyzing small business records
- F. Interpretation of small business record analysis

VI. Classroom Instruction in Small Business Management

- A. Introduction to small business management curriculum
- B. Organization of curriculum materials
- C. Practicum: Micro-teaching curriculum units

VII. Individualized Instruction in Small Business Management

- A. Purposes of individual instruction
- B. Procedures for organizing and delivering individual instruction
- C. Evaluation of individual instruction

VIII. Small Business Technology

- A. The role of technology instruction on Business Management Education
- B. Sources of support--teachers - resource persons

IX. A Management Plan for Teachers

- A. Elements of the management plan
- B. Constructing a management plan for program operation

X. Evaluating Management Education Programs

- A. Process and product evaluations
- B. Cost-benefit analysis

Evaluation of Training Programs

In the judgement of the staff, the 10-day session is the most appropriate of the three methods tried. It could be improved, however, by the addition of at least 5 days of internship in a successfully operating SBM program. It is further recommended that the internship be integrated between the first and second week of instruction to provide an experience base upon which the classroom instruction can be related.

It is important that in-service training also be provided with reasonable frequency. Assuming that the instructional part of programs would start in October or November, the first session should be held in November of December to provide positive reinforcement to the instructional staff. In-service sessions should be provided at least quarterly to provide for interchange of ideas among instructors and content and philosophical instruction from coordinating/administrating staff. Some assessment should be made of the technical and teaching competencies of the instructional staff to aid in planning the in-service program.

Developing the Small Business Analysis for Business and Personal Records

It was clear from the start of the project that the staff would be responsible for developing their own analysis of small business financial accounts. An examination of analysis programs available commercially showed them to be poorly suited to the specific purposes (instructional) for which the Small Business Management Education program was designed. They either were characterized by absolute specificity to a particular kind of business (i.e. machinery dealers) or to a particular form of business organization (i.e. corporation, partnership, etc.) Since the proposed clientele for the SBM program was expected to represent a broad range of business types and organizational forms, a more generalized format for analysis was required. The enrollment of 20 different types of businesses with four types of organization during the first year proved the initial assessment of need to be accurate.

Because of the prior experience the staff had had with the farm business analysis program, the following procedure was mapped out in the development process.

1. Design out-put format.
2. Design in-put format.
3. Write documentation for the analysis.
4. Test analysis by use of a case problem.
5. Revise documents where necessary and retest.
6. Field test analysis process.
7. Computerize analysis.
8. Field test.
9. Revise and retest with known data.

While there is nothing extraordinary about the steps just outlined, they do insure an orderly process of development with a minimum of wasted effort. Each step contained some feature essential to the final product. Some of the steps are elaborated in the paragraphs which follow to call special attention to those features.

Out-Put Format

The basic concepts upon which the business analysis was built were borrowed from the farm management education program. For example, the first analysis table in the farm management analysis contains two general categories of information: measures of farm business size and statement of beginning and ending inventory of assets. The business analysis for small businesses was designed so the first table contains measures of business size and a statement of inventory assets.

In addition to the similarity to the organization present in the farm management analysis, many measures or table formats were selected to conform to standard business practice. For example, a standard profit and loss statement and standard balance sheet were incorporated to facilitate the transition from business records now used to the new analysis format and from the new analysis format to some other form of record analysis presentation once the client had completed the small business management instruction.

Another feature was the selection of a number of standard measures of organization and efficiency as published in such national services as Dunn and Bradstreet and the Accounting Corporation of America. This step was important since the national reporting services provide benchmark data to which individual businesses can make comparisons.

The complete format for the analysis is reported in Volume II, Business Analysis along with the documentation, in-put forms, instructions for completing the forms and a guide for interpretation.

Computerized Analysis

In order to insure access to the business analysis independently of the project (since the project had a termination date), the staff sought counsel from several computer softwear firms in an attempt to interest them in developing the necessary software. Specialized Data Systems, Madison, Wisconsin agreed to develop the program without cost to the project. Because of the expertise of the Specialized Data Systems staff in organizing data for analysis, they met with the project staff on several occasions.

The second year of analysis utilized the Specialized Data Systems program for completing the analysis summaries for about 65 of the clients enrolled in local school programs. The final instructions make it possible for the local programs to have direct access to analysis services without the necessity of working through the project center. The program is available for use by anyone who can supply the proper input information and pays the fee.

CHAPTER III

SELECTION AND USE OF ADVISORY COMMITTEES

The use of advisory committees is not new to vocational education. However, a unique and functionally efficient team of advisory committees was used during the program development and testing stages. Two committees; a business advisory committee, and a professional advisory committee were formed.

The primary role of the business advisory committee, composed of entrepreneurs, was to view and react to program content. Unit topics, sources of industry data and the analysis format were among the many topics covered in periodic meetings. Of secondary concern was the methodology used to deliver the program.

The primary role of the professional advisory committee dealt with methodology. As professional educators and professionals from other agencies, they also dealt with program content, but in a secondary nature.

The team of advisory committees was organized and operated under the following ground rules:

Ground Rules For Advisory Committee Organization

I. Officers

Officers shall consist of Chairman, Vice-Chairman and Secretary.

II. Terms of Office

Officers shall serve for one year with elections held annually.

III. Committee Membership

1. Membership shall be for three-year terms with initial membership staggered such that term of 1/3 of the membership shall terminate annually.
2. Members chosen to serve on the committee shall be nominated by the committee and invited to serve by joint invitation of the Chairman of Advisory Committee and Director of Project.
3. Membership shall be eligible for reappointment to succeed themselves for one additional term.
4. Size of Advisory Committee shall not exceed twenty four.

IV. Meetings of Advisory Committee

Meetings shall be held at least twice in every twelve month period.

V. Executive Committee

Executive Committee consisting of elected officers shall be convened at interim periods for interim action referred by the project staff or the Committee.

VI. Agenda

The agenda for meetings shall be prepared by the project staff in consultation with the Chairman of the Advisory Committee.

VII. Reports

Reports of the Advisory Committee shall consist primarily of the meeting minutes and other documents created or assembled by the Committee.

VIII. Secretariat

The project staff shall serve as the secretariat of the Committee and shall produce the record of each meeting as well as any other reports serving the advisory function of the group.

IX. Procedure

These ground rules shall constitute the operational procedures of the Committee and shall be amendable at any meeting by a majority vote. Roberts Rules of Order (Revised 1970) shall govern the conduct of the meeting.

X. Finance

Expenses of the Advisory Committee shall be regarded as part of the operational cost of the project. The finances of the Advisory Committee beyond the specific dates of the project grants shall in due course become an item of discussion on the agenda of the Committee.

The committees met approximately three times each year during the three year pilot effort. While it is difficult to point out specific aspects of the program affected by committee action, the project staff made broad, general useage of their suggestions. Committee membership was as follows:

Professional Advisory Committee

Small Business Management

Mr. Robert Alm, Chief, Procurement and Management Assistance, Small Business Administration, 12 South Sixth Street, Minneapolis, Minnesota, 55401.

Mr. William Gonzales, Research Fellow, Department of State and Federal Relations, 220 Morrill Hall, University of Minnesota.

Mr. Jim H. Hammill, Director, Public Inofrmation Department, Federal Reserve Bank, 250 Marquette Avenue, Minneapolis, Minnesota, 55401.

Dr. Charles Hopkins, Chairman, Department of Business Education, University of Minnesota, 254 Peik Hall, Minneapolis, Minnesota, 55455.

Mr. Larry Kitto, Indian Education Office, Bemidji, Minnesota, 56601.

Dr. Duane Lund, Superintendent, Staples Public Schools, Staples, Minnesota.

Mr. Joe Malinski, Director of Planning, Suburban-Hennepin County AVTI, 1820 N. Xenium Lane, Minneapolis, Minnesota, 55427.

Dr. Sherman Mandt, Coordinator, Concerted Services, 221 1/2 North Jefferson, Wadena, Minnesota, 56482.

Dr. Paul Marvin, Chairman, Department of Agricultural Education, University of Minnesota.

Mr. Charles W. McCoy, Community Economic Industrial Planner, Small Business Administration, 12 South Sixth Street, Minneapolis, Minnesota, 55402.

Mr. Warren Meyer, Chairman, Department of Distributive Education, University of Minnesota.

Dr. Jerry Moss, Acting Director, Vocational/Technical Education Division, University of Minnesota.

Mr. Ralph Palan, Farm Management Specialist, Faribault Area Vocational Technical Institute, Faribault, Minnesota.

Dr. Edgar Persons, Professor, Agricultural Education, University of Minnesota.

Mrs. Jane Preston, Consultant, Department of Program Planning/Development, Department of Vocational/Technical Education, 550 Capitol Square Building, St. Paul, Minnesota, 55101.

Mr. Arthur Reiter, SCORE Representative, 797 Ridge Street, St. Paul, Minnesota.

Dr. Hal Routhe, Professor and Associate Director, Agricultural Extension Service, 240 Coffey Hall, St. Paul Campus, University of Minnesota, St. Paul, Minnesota, 55101.

Ms. Anita Schwartz, Adult Vocational Program Supervisor, Division of Vocational Technical Education, Department of Education, Capitol Square Building, St. Paul, Minnesota, 55101.

Dr. Gordon Swanson, Professor Agricultural Education, University of Minnesota.

Dr. Harding Young, Direcotr, Southeastern Institute of Entrepreneurship Management, Suite 1, 2931 Sewell Road, Atlanta, Georgia, 30311.

Mr. John Zwiebel, Adult Vocational Agriculture Instructor, Owatonna Public Schools, Owatonna, Minnesota.

Business Advisory Committee of Small Businessmen and Agencies They Represent

Auturo Coronado, LaCasa Coronado Restaurant, 23 North 6th St., Minneapolis, Minnesota, 55403.

Cyril Dehn, Dehn Oil Company, 2417 4th Avenue North, Anoka, Minnesota, 55303.

Roger Erickson, Erickson Furniture Co., 30 N.W. 5th St., Faribault, Minnesota, 55021.

Leonard Furuseth, Furuseth-Nelson, Inc., Rt. 1, Thief River Falls, Minnesota, 56701.

Mr. & Mrs. Ernest Henry, Amber Electric Company, 3729 Grand Avenue South, Minneapolis, Minnesota, 55409.

Oscar Howard, Howard's Industrial Catering Service, 3302 South 4th Avenue, Minnesota, 55408.

Mark Larson, Marcraft, Inc. Highway #59 North, Thief River Falls, Minnesota, 56701.

Marlowe J. McCrady, McCrady Custom Travel, 11400 Ilex Street, N.W., Coon Rapids, Minnesota, 55433.

George Scherb, The Candy Cane, 318 Central, Faribault, Minnesota, 55021.

Ralph Whiting, Whiting & Associates, 555 Wabasha, Suite 204, St. Paul, Minnesota, 55102.

Mr. & Mrs. Wei Wong, China Palace Enterprise Co., 3801 Bloomington Avenue, Minneapolis, Minnesota, 55407.

It is recommended by the project staff that a single advisory committee, comprised of members from both the business and professional committees, be established to continue during the operational stages of the small business management program to follow in Minnesota.

While this chapter dealt exclusively with the project committees, each pilot program formed and successfully utilized an advisory committee. It is a recommendation by the staff that these committees be continued, and formed wherever new programs are established.

CHAPTER IV

CURRICULUM DEVELOPMENT

Introduction

The Small Business Management curriculum is intended to be a dynamic guide for the instructor. It addresses management education in a sequential, building block manner. Units of instruction were written, tested, criticized, and reviewed over a three year period in six pilot locations. Periodic revisions of the curriculum will be necessary to assure its continued usefulness and effectiveness to the instructor and student.

Content

Management is primarily a decision-making process. To be successful in management instruction, it is important that instructors understand the logical organization of activity which leads to making a sound decision. The topics which are suggested in the lessons for business management follow the sequence suggested by the ten steps in the decision-making process. These steps are as follows:

1. Analyze the present situation.
2. Locate the problems.
3. Set up objectives or goals.
4. Size up the resources.
5. Look for possible alternatives.
6. Consider probable consequences and outcomes.
7. Evaluate the expected results.
8. Decide on the course of action.
9. Put the plan into effect.
10. Evaluate the results of the decision.

Since a small business is a dynamic interprise, it is not possible to locate a problem, consider and choose from among the alternatives, put a new plan into effect and expect the job of business management to be completed. Management decision-making is a continuous process with new problems cropping up and their particular solutions being found. It is likely that several problems will be in various stages of the decision process at any one time. For some problems the small business operator may be establishing goals. For another problem, the present situation is still being analyzed, while for still another, a particular course of action to implement is being chosen. The management education program is simply the starting point in the overall evaluation of the small business and a systematized approach to solving problems that will follow.

The first year may be called "Small Business Management I" or "Beginning Small Business Records." Briefly, the beginning course deals with the reasons for keeping records, what records to keep, and how to keep them easily and accurately. Since most small businesses are year-round operations, keeping business records must also be a year-round task. This makes it possible to hold organized class meetings throughout the entire year, with meetings being held more frequently in late fall and early winter when the new year's records are being started and the past year's records are being completed.

The individualized at-the-business instruction during the first year will accomplish several purposes. It will enable the instructor to become acquainted with the operator's business and family and to gain their confidence. It will also furnish opportunities for instruction in business accounting problems that require the kind of personal attention not possible in a larger group. Assisting the business family in the establishment of business and family goals are an important task for the first year.

The kind of relationship that is developed during the first year between the instructor and the small business family will determine the degree of success which the family has in successive years in the management program. Some at-the-business visits during this year will be devoted to improving business practices that are not related directly to efficient management. Many times, work of this kind--though relatively unimportant as far as the whole business operations is concerned--furnishes the opportunity to develop better communication between the instructor and the small business family. A business or home visit each month during the first year in addition to one or more class meetings per month, should provide the kind of contact needed to maintain a high level of interest and to deal with problems related to keeping and using the small business accounts. It also allows the instructor to observe and review other business practices while at the business. Closing out the account book and sending it to the appropriate computer center for analysis will complete the first year of instruction.

The second year is a natural continuation of the first, dealing with the general study and interpretation of the small business analysis as well as the specific study and interpretation of the first small business analysis of the operator's individual business. As the families become better acquainted with the account book procedures, considerably less time will be spent on instruction in recordkeeping than was spent during the first year. As accounts for the second year are begun, accuracy of entries and greater accuracy in inventories and depreciation are stressed with the main emphasis on the study and interpretation of the past year's analysis, both in general and of each individual business. The instructor helps the class members see signs of strength and weakness within their business and points out the need for further study of these areas. Major study can be made of capital investment in resale items, machinery, equipment and buildings on the basis of one year's record. Size of the business as measured in net returns can also be emphasized. Other efficiencies should also be studied but only preliminary judgements can be made on the basis of one year's record.

The third year of the small business management program may be called "Small Business Organization" or "Advanced Small Business Management" or any other similar title. During this phase, business and home accounts will be continued and the analysis report for the second year's record will be completed and interpreted. The analyses begin to be useful in making plans for future changes in the business. Studies can now be made to project various changes that can be made in the structure of the business to improve income. The importance of transitional stages when major changes are contemplated must be given considerable emphasis.

As the small business family progresses toward the development of alternative plans and the selection of the most appropriate, more emphasis will be placed on work with individual families at their business or home and less on group instruction. The help of specialists in business security, employee relations, advertising and other areas of business technology is especially important and worthwhile for the small business family and the instructor.

While this course of study does not contain a lesson outline for units beyond the third year, this omission should not be interpreted as placing little value on continuing instruction. Experience in other management programs has shown that some families require the most assistance beyond the third year. As they plan a reorganization of their business, they need additional help in searching out the alternatives and evaluating the outcomes of their many possible decisions. Research on other management instructional programs continuing well beyond the third year demonstrates the highest returns for educational investment beginning with the sixth and seventh year.

When working with adult learners, one should remember that intelligence does not decline with age. The learning process is continual. The educator also needs to be aware of the unique characteristics of adult learners that influence his learning. The summary that follows, developed by the National Association for Public School Adult Educators, provides some of the major distinctive characteristics among adult learners in general and educationally disadvantaged adult students. All characteristics do not apply to all students. However, some do; and the conscientious writer of adult education curriculum should be aware of and compensate for those that are applicable.

The following are some of the characteristics of the adult learner in general:

1. He tends to be more rigid in his thinking. He has acquired a set pattern of behavior, and has set ideas of what is right and wrong, fact and fiction. This pattern has to be "unset" in order for learning to take place.

2. He usually requires a longer time to perform learning tasks. While the adult's capacity to learn may have remained essentially unchanged, the older he becomes, the slower his reaction time, and the less efficient are those senses on which learning depends--sight and hearing.

3. He is more impatient in the pursuit of learning objectives. He is also less tolerant of work which does not have immediate and direct application to his objectives. He is impatient with long discourses on theory and wants practical application.

4. He has greater difficulty remembering isolated facts, although his comprehension of difficult reading material shows little or no change from childhood.

5. He suffers more from being deprived of success than does the young learner and is motivated more by the usefulness of the material to be learned.

6. He has more compelling responsibilities which compete with education for his time.

7. He is not a captive audience. He attends voluntarily, and if interest is lacking, he is inclined to stop attending.

8. He is used to being treated as a mature person and resents having teachers talk down to him.

9. Adult student groups tend to be more heterogeneous than classes of young people. Adult students are likely to come from a wider variety of backgrounds, and have a greater range of intelligence levels, than a youth class.

10. Adults are sometimes fatigued when they attend class, which is often after a day's work or household responsibilities.

Organization of the Curriculum

The curriculum is divided into three years under the headings of Small Business Management I, II, and III. It is extremely important for the instructor to become familiar with the entire curriculum before any instruction begins. The instructor will note the continuity between units and the sequence of instruction.

Each unit of instruction includes the following parts:

Part I. Student Objectives
Part II. Transition of Units
Part III. Lesson
Part IV. Summary
Part V. At-The-Business Instruction
Part VI. Resources
Part VII. References
Part VIII. Appendices

The following explanation of how to use the curriculum will generally apply to each unit.

Part I. Student Objectives

The objectives try to specify under what conditions and to what extent a certain kind of student performance is expected to take place.

If you follow the axiom that if the student hasn't learned, the teacher hasn't taught, then the student behavioral objectives also become the teacher's objectives.

Part II. Transition of Units

The transition briefly describes what was covered in the previous unit; the main focus of the current unit and outlines the following unit. The transition is intended to show the continuity between units and the sequence in which the instruction is offered.

Part III. Lesson

Each lesson begins with a suggested attention focuser. Most class members will have their minds on the problems of the day. The instructor needs some means of focusing attention on the topic of the unit.

The lessons include key questions and suggested teaching strategies. The instructor may wish to write the key question on a chalkboard and direct the class activity toward answering the question. The information relevant to the key question has been presented in outline form and may include definitions, calculations and uses.

Part IV. Summary

A good teacher will summarize the unit at the end of the class session. This suggested summary may be used for that purpose.

Part V. At-The-Business Instruction

The teacher is expected to make an organized visit to each participant's business on a regular basis. The suggested activities begin with a review of the subject matter taught in the previous unit. Additional suggestions are made to aid the instructor in planning the At-The-Business visit.

Part VI. Resources

This lists the physical objects the teacher will find necessary to present the unit.

Part VII. References

References are included for the benefit of the instructor who wishes to expand his knowledge of the subject matter of the unit.

Part VIII. Appendices

Items suggested for use as handouts, worksheets or transparencies are included in this part.

Testing the Curriculum

A unique feature of this program was the multiple testing the curriculum was subjected to. The six pilot locations tested the units of instruction by using them as a guide in teaching small business management classes. The units of instruction were tested over the three year term of the pilot program.

As units were taught the instructors utilized the following Critique of Small Business Management Teaching Units:

Name____________________________
Date____________________________
Unit____________________________

Critique of Small Business Management Teaching Units

1. Was the unit outline adequate? Poor | Fair | Good | Very good

Comments:____________________________

2. Were you able to use the material in the unit outline? Little | Most | All

What would you delete?____________________________

What would you add?____________________________

3. Would you reorganize the unit?______ How?____________________________

4. Please comment on the references or resource material suggested:________

5. Suggestions for follow-up in the second year:____________________________

The curriculum writer evaluated the critiques through monthly instructor in-service meetings.

Revising the Curriculum

Based on the previously mentioned instructor critiques, units of instruction were revised. Recognizing that the units were intended to serve as a guide the critiques were first evaluated to determine if they dealt with local issues or with universal concerns. If the issues were of the later nature revisions were accomplished.

This system of review removed irrelevant or inappropriate material. The system also allowed for the inclusion of material developed and used by instructors at the local level.

Recommendations for Curriculum Development

1. A unit format should be established at the beginning of the development process, but modifications should be made later if a more usable format evolves.

2. Extensive use of consultants should be made in areas where the writer lacks expertise; however, to maintain continuity and flow, a sole writer should be responsible for the final draft.

3. It is important for the curriculum typist to be trained or coached in format and precision requirements to alleviate final draft proofing difficulties.

4. It is important for all concerned in the development of curriculum to recognize that subsequent revisions are necessary and that they will occur.

CHAPTER V

EVALUATION

Introduction

The small business management program has undergone several forms of evaluation. Each will be treated separately in this chapter, except the process evaluation. The process evaluation has been described previously as part of the on-going monthly modification system. While its primary usage fell in the area of curriculum modification and analysis development, there were other aspects of changes in program format which resulted from the process evaluation. The process evaluation was important to the development of the program, however, the prospectus called for a benefit-cost analysis, a measurement of economic principles understanding, and an attitudinal evaluation. In addition, the staff conducted a final on-site evaluation of the minority programs.

The review of literature which follows addresses benefit-cost analysis, economic principles and attitudinal changes. Following this review the three areas of; (1) benefit-cost analysis; (2) economic principles and attitudinal changes; and (3) final on-site evaluation, will each be treated separately with respect to design, methodology, data (results) and conclusions.

Review of Literature

Some Definitions of Entrepreneurs and Entrepreneurship

The Random House College Dictionary (1972) defines entrepreneur as "1. A person who organizes, manages, and assumes responsibility for a business or other enterprise. 2. An employer of productive labor; contractor". Collins, Moore and Unwalla in their book "The Enterprising Man" discuss definitions of entrepreneur and entrepreneurship at length.[13] They include definitions of the entrepreneur as a decision-maker and actor in economic events, typically "cast in the role of a rational man who makes optimal choices in an environment of very limited and highly specified dimensions."

Entrepreneurship was defined as: "the purposeful activity (including an integrated sequence of decisions) of an individual or group of associated individuals, undertaken to initiate, maintain, or aggrandize a profit-oriented business unit for the production or distribution of economic goods and services."

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[13] Orvis F. Collins, David G. Moore, with Darab B. Unwalla, The Enterprising Man, Bureau of Business and Economic Research Graduate School of Business Administration, Michigan State University, East Lansing, 1964.

Collins, et. al. go on at length to discuss positions of various authors that differ in varying ways to their initial definition. Most of the variances in the definition involved the complexity of the specific business. Some authors accept that "entrepreneur" and "entrepreneurship" can involve a management team. Others contend that the qualities of entrepreneurship are found in one person and can apply in reality only to the very small firm. The point was made that in most enterprises a hierarchy of individuals is required to perform entrepreneural functions.

Collins, et. al. also divided their own very specific definition of entrepreneur. The definition, although interesting, is not the definition this writer would accept as being adequate definition for entrepreneur. Their limiting definition is as follows: "When we use the term entrepreneur, we shall mean the innovating entrepreneur who has developed an ongoing business activity where none existed before."

For the purpose of this study the Dictionary definition seems more appropriate.

Economic Principles: Relationship to Success

Farm management research offered the most information on the influences of economic knowledge and community attitudes on earnings. In a detailed study Rolloff developed and tested a model to assess the relation of instruction in farm management to the entrepreneur's economic efficiency and understanding of economic principles.[14]

McCormick's test[15] was used by Rolloff to measure farm operations' understanding of profit maximizing principles. The criterion variables he used to measure economic success of farm operators were gross income, net cash income, net farm income, net worth, net margin, operating ratio, overhead ratio, gross income per $1,000 invested, net farm income per $1,000 invested, gross income per man equivalent, and productive man work units per man equivalent.[16]

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[14] John August Rolloff, "The Development of A Model Design to Assess Instruction on Farm Management in Terms of Economic Returns and the Understanding of Economic Principles," Unpublished PhD Thesis, The Ohio State University, 1966, p. 38.

[15] Floyd G. McCormick, "Developing a Procedure for Evaluating Farm Understanding on Basic Profit Maximizing Principles," PhD Dissertation, The Ohio State University, 1964.

[16] Rolloff, p. 43.

In his evaluation Rolloff's secondary objectives were:[17]

1. To determine change in understanding of economic principles, achieved by farm operators enrolled for instruction in farm business analysis.

2. To determine changes in selected factors of economic efficiency achieved by farm operators enrolled for instruction in farm business analysis.

3. To determine whether association exists between changes in the understanding of economic principles achieved by farm operators and accomplished by them in factors of economic efficiency.

4. To determine the input costs of the instruction in farm management over the period of instruction defined for the model design.

5. To determine what may be an expected economic ratio between input costs of farm business analysis instruction and the changes in net farm income accruing to farm operators enrolled for instruction.

Rolloff found an increase in the level of economic understanding by farmers enrolled. These increases in understanding were associated with increases in gross income, net farm income, net margin, net per $1,000 invested gross income per man equivalent and Productive Man Work Unit per man equivalent. At the same time, farmers experienced decreases in net cash, overhead ratio, and operating ratio.

A major thrust of Rolloff's study was to determine the economic returns accruing to participants as a result of instruction on farm management analysis. His conclusion was that, collectively the data presented a positive mean ratio of 1 to 53.16 between the 1965 costs of instruction and the change in net farm income between 1964 and 1965.[18]

In another study measuring the value of management training Cvancara investigated the direction and degree to which measures of farm production responded to educational investments.[19] Cvancara studied 33 matched pairs, A & B, of farmers. Group A were enrolled in a farm management education program in 1960, 61, and 62. Their counterparts in group B received farm management instruction only during 1962.

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[17] Ibid., p. 98.

[18] Ibid., p. 119.

[19] Cvancara

Cvancara's study revealed that when input costs of farm management instruction were compared to the value of the output as measured by the average increases in cash income for group A versus group B in 1960 and 61, he was able to measure the economic returns to investments in education. His study revealed that group A had $558.89 more earnings than their counterpart in group B. This was $558.89 above the input costs of the management program.[20] His 1962 data showed that with management instruction group B has potential of increasing farm income.

In a later study Persons, Swanson, Kittleson, and Leske examined 3,518 farm records of those who had been enrolled in vocational-agriculture farm business management education programs since 1959. They found the benefit-cost ratio for individual participants over the eight year period to be 4.2 to 1. For each dollar invested by the individual farmer in this instructional program, he had a return of $4.19.[21]

As a further measure of the value of this program, Persons, Swanson, Kittleson and Leske calculated a benefit-cost ratio for the community. The community benefits were derived from the total of the individual benefits of the farmers enrolled. Only the increases resulting from the increased labor earnings of the farmer was used. They pointed out, "Since numerous community benefits are to be derived from an increase in cash flow and an increase in the tax base, using only the aggregate increased return to operator's labor and management underestimates the actual community benefit." The benefit-cost ratio to the community was 2:1 where only returns to labor and management were calculated. When increased business activity due to increased farm sales was calculated, the benefit-cost ratio increased to about 9:1.[22]

Non-Economic Benefits From Instruction

In a study relating entrepreneural attitude and instruction, Kittleson found a strong relationship between attitude scores and instruction. He found a general improvement in terms of more positive attitude scores related to more years of instruction. On page 4 of his report Kittleson stated, "Although there is much to be learned about entrepreneurship, the result of this study suggests that both income and attitudes respond in a similar way and to a similar degree to education inputs. The findings not only suggest that attitudes are a dimension of entrepreneurship but that if income is the criterion, the attitude scales have empirical validity."[23]

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[20] *Ibid.*, p. 79.

[21] Edgar A. Persons and others. *An Economic Study of the Investment Effects of Education in Agriculture*, U.S.O.E. Project 427-65, University of Minnesota, 1968, p. 24.

[22] *Ibid.*, p. 29.

Kittleson indicated that the most popular experimental design in efforts to measure attitude has been a pre-test and post-test. One group receives a pre-test, treatment and a post-test at the same time a control group receives a pre-test and a post-test. Kittleson observed that a main problem with this experimental design is the possible interaction between the pre-test and experimental design.[24]

Though not a research paper, the handbook by L. T. White goes into considerable detail on attitudes or qualities necessary to make a successful small businessman. White's list of fifteen qualities is as follows:[25]

1. Ability to get along with people
2. Health and energy
3. A strong desire to build
4. An optimistic spirit
5. A sense of organization
6. Some business background
7. Drive
8. Confidence
9. Self-reliance
10. Independence
11. Will power
12. Patience
13. Ability to take worries or to leave them
14. Integrity
15. A feeling for community service

White concluded this list with the statement, "As a businessman you don't need all these qualities to success, but a combination of some of them is essential."

A detailed study of attitudes and attributes was done by Lansford.[26] In this study Lansford surveyed 207 farmers in southern Minnesota. All of these 207 were enrolled in an organized farm management service. Lansford's objectives were:

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[23] Howard M. Kittleson,"Attitudes Toward Entrepreneurial Behavior and Education--Their Relationship to Instruction," U.S. Office of Education Project Number OE7-1050, St. Paul: University of Minnesota, Department of Agricultural Education, 1969, pp. 3-4.

[24] Ibid., p. 21.

[25] Joseph C. Schabacher, "Strengthening Small Business Management," Selections from the papers of L. T. White, Washington, D.C., 1971.

[26] Robert Rutledge Lansford, "Personal Attributes of Farmers Related to Earnings," Unpublished PhD Thesis, University of Minnesota, 1965.

1. To identify personal attributes that are related to differential levels of earnings.

2. To combine these personal attributes into an index if possible.[27]

Lansford was careful to point out that the 207 farmers did not represent a random sample of farm operators in southern Minnesota. Thus, inferences made concerning relationships between personal attributes of these 207 farmers and their income to a larger population could not be made without qualifications.

Earnings of the Business and Personal Factors

One of the general hypotheses that Lansford listed was, "Labor earnings of farm managers will vary directly with their relative mental abilities."[28] He tested this general hypothesis with four sub-hypotheses that are germain to this study. These four sub-hypotheses and their results are as follows:

"1. Labor earnings of farm managers will vary directly with the amount of formal education an individual has completed.

The correlation coefficient between labor earnings and the number of years of formal education completed is - .0830. This is not statistically significant at the .10 level of probability; furthermore, the direction of the relationship between earnings and education is not in the expected direction.

2. Labor earnings of farm managers will vary inversely with the score on the management practice scale.

The correlation coefficient between labor earnings and the score on the management practice quiz is - .0751. This is not statistically significant at the .10 level but the direction of the association is in the expected direction.

3. Labor earnings of farm managers will vary inversely with the score in the economic principles scale. The correlation coefficient between labor earnings and the score on the economic principles quiz is - .2099. This is statistically significant at the .01 level, and is in the expected direction.

4. Labor earnings of farm managers will vary inversely with the score on the accounting principles scale. The correlation coefficient between labor earnings and the score in the accounting principles quiz is - .2165. This is statistically significant at the .01 level of probability, and is in the expected direction."

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[27] Ibid., p. 4.

[28] Ibid., p. 57.

Lansford goes on to state that:

> ...in evaluating the second general hypothesis, two measures of mental ability (knowledge of economic and accounting principle) were found to be significantly related to labor earnings and they were in the expected direction. One of the two measures of mental ability (management practices) was found to be non-significantly related to earnings but was in the expected direction, while the fourth measure (education) was not in the expected direction.[29]

Lansford also referenced two other studies that found education of farmers is not related to their success.

In a study relating somewhat to Lansford's, Persons and Swanson posed these questions:[30]

"1. What part do the education components of formal education, adult education, and aptitude play in the success of a farm business when the agricultural and economic factors of farm production as well as the sociobiological status of the beginning farmer are also considered?

2. Considered independently, is there any significant relationship between the various measures of the educational component and the various measures of farm business success?

3. If it is true that there is a wide variability in the financial success of farm families, is the success of the farm business reflected in the school achievement and aptitude of farmers' children?"

The above study surveyed veterans who had been enrolled in institutional on-the-farm instruction in Minnesota. Surveys were mailed to 1,639 veteran trainees, with further follow-up to non-respondents through vocational agriculture instructors. Some conclusions that Persons and Swanson drew from their study were:[31]

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[29] Ibid., p. 59.

[30] Edgar A. Persons and Gordon I. Swanson, "Educational Restrictions to Agricultural Success and the Relationship of Education to Income Among Farmers," U.S. Office of Education Project Number 2604, University of Minnesota, Minneapolis, Minnesota, 1966, p. 3.

[31] Ibid., p. 108.

> ...The failure of aptitude scores to relate significantly to farm success should be carefully examined. Formal schooling shows little relationship to success in any of the regression equations yet proves significant in the covariance analysis with gain in net worth as a criterion measure---It may be possible to substitute capital investment or other economic inputs for some formal schooling without reducing the probability of success.
>
> The number of adult classes attended during the last five years of the study was related to both gross income and yearly gain in net worth.
>
> There is no significant relationship between the income of farm families and the level of achievement of their children as measured by a common standardized achievement test.

Westermarck reporting on research in Finland writes, "logically, there would seem to be a connection between the mental ability of the farmer and the economic results. And if, furthermore, one cannot regard the farmer as simply an economic man in the classical sense of the phrase, then one is justified in taking into account and basing one's calculations upon the facts that the farmer's natural gifts, alertness, interest, energy, and knowledge, book-learning, etc., will be reflected in the output of his farm. Above all it is mental characteristics and equipment that are important. Obviously too his physical capacities play a significant part."[32]

Westermarck reports on a study of 161 "book-keeping" farms studied by German investigators Schneppe and Walter. They studied the entrepreneur's personal influence on farm profitability. The results showed that about half of the divergence from the net return resulted from the entrepreneur's managerial ability.[33]

Westermarck did a study that covered five fiscal years with the aim of elucidating the influences of intensified individual advisory services on management and success on Finnish family farms. This study ran from 1954 through March of 1959. He followed this with another five year (1961-1966) and somewhat more sophisticated study. Westermarck states that one of the objects of his investigations was to study the existence of a possible connection between the mental entrepreneurial ability of farmers and their attitudes toward planning and other individual advisory activity. His entrepreneurial variables were "age," "theoretical vocational education" and "mental ability." His study involved a study farm group and a control group.[34]

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[32] "The Human Factor in Agricultural Management," Supplement to International Journal of Agrarian Affairs, Vol V., No. 4, July 1969, Polish Scientific Publishers, 1970, p. 68.

[33] *Ibid*., p. 69.

He defined Net Farm Profit and used it as the measure of business success. Westermarck tested five hypotheses. Only one hypothesis related statistically to his business success measure. On this hypothesis his research "revealed a statistically significant difference with respect to mental ability." Entrepreneurs with higher mental ability had clearly increased their land property more than had those of lower mental ability.[35]

The Technical Committee for NC-59 reported on "The Management Factor in Farming: An Evaluation and Summary of Research."[36] Krause and Schultz in their introduction to a "Review of Managerial Ability Studies of Farmers" report on the lack of research that directly measures the managerial ability of farmers. They state that a number of studies have claimed to measure management ability, and some have definitely contributed to knowledge about management, most fell far short of the original intentions, primarily because of a lack of a well-defined concept of management.[37] Krause and Schultz later stated, "It can logically be hypothesized that there is a positive relationship between the ability of a farmer and his performance. However, that relationship is tempered by biographic and motivational antecedents in the human complex. Moreover, uncontrollable forces (as far as the individual is concerned) such as weather and commodity prices also influence the extent to which ability is turned into performance."[38] In the opinion of this writer a comparable statement could be made about any class of business entrepreneurs.

Krause and Schultz review a number of then recent studies (through 1966) that attempt to measure managerial ability. In their opinion the studies they reviewed had not generally validated or developed accepted techniques for measuring managerial ability. They state the measure or measures were not a unique function of managerial ability but rather some composite of human inputs in other inputs as well. Further that the measures of success or performance used could be at least in part a function of managerial ability. The measures verify the existence of large differences in what is thought to be the managerial ability of farmers.[39]

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[34] Ibid., pp. 69-73.

[35] Ibid., pp. 76-77.

[36] "The Management Factor in Farming: An Evaluation and Summary of Research," North Central Regional Research Publication 182, University of Minnesota, Agricultural Experiment Station.

[37] Ibid., p. 8.

[38] Ibid., p. 9.

[39] Ibid., p. 11.

In another section of the report, Shaudys and Nodland report on "Biography and performance." In reflecting on the complexity of selecting managers for firms other than the farm firms they state, "Neither business nor the university has identified a collegiate training program for supervisory or executive development, nor has a correlation between performance on the job and performance in college been well established. Businessmen also seek devices for selection of the best managers and question whether available tests are superior to their intuition."[40] They concluded that some success has been achieved utilizing biographical (personal characteristics) and performance information (past outcomes) to measure managerial differences. They state the biographical component most consistently employed by research investigators was a measure of knowledge. Researchers using this component conclude that it was useful for managerial performance measurement.[41]

Some authors express strong opinions on what should be included in developing the biographical component, knowledge. Russell U. McLaughlin in his book, "Economics and Education" quotes Ben W. Lewis: "the case for exonomics in the school is made of the same stuff as the case for democracy itself."[42] Apparently both gentlemen felt quite strongly that economics education was an important ingredient to the biographical component of an individual. Both felt that economic knowledge played a significant role in the individual success in life whether it was measured by financial success in business or by success in coping with the financial decisions of everyday life.

Yet specifically measuring the biographical component or even defining what the entrepreneur needs (in terms of knowledge or skills of the manager) to perform the management function appears to be a large problem. In a 1962 Symposium in Measuring the Managerial Ability of Farmers, D. Woods Thomas makes the following points that he felt were germane to the question under discussion:[43]

> "Management is an extremely complex human activity.
>
> In a functional sense, it consists of various components.
>
> The performance of any one of these component activities is dependent upon the performance of other components, i.e., they are interdependent.

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[40] Ibid., p. 13

[41] Ibid., p. 16.

[42] Russell U. McLaughlin, Economics and Education, Columbus, Ohio: Charles E. Merrill Publishing Company, p. 79.

[43] "Measuring Managerial Ability of Farmers," A symposium sponsored by North Central Regional Research Committee on the Management Resource in Farming (NC-59) and The Farm Foundation, Illinois: 1962, p. 7.

> The resultant managerial behavior, considered as productive service, depends on the individual components and upon the interaction among the several components."

The foregoing review provides interesting points for discussion but leaves a side open field when looking to specific characteristics of entrepreneurs that might be evaluated when measuring managerial ability.

A number of books were reviewed in the preparation for writing this paper. In many cases the books were good sources of information for the individual entrepreneur or anyone else interested in business. However, most of them did not give specific data on characteristics of the business entrepreneur which were related to business success. Several addressed the topics in a general way. Peter F. Drucker addressed the issue of personal attributes to success in his book, Managing For Results. In the chapter "Knowledge Is The Business," he stresses the importance of knowledge for specific knowledge sake, and states, "no two businesses are alike in their distinct knowledge."[44] his emphasis was on the importance of knowledge specific to a business.

McGuire states, "A managerial theory of business behavior contains as its key element the centrality of the manager or decision maker."[45] He emphasizes the economic concept of the firm. The economic concept of the firm is centered around the actions of a coordinating unit, defined as the entrepreneur. The entrepreneur's behavior is conditioned by a drive to maximize an "incentive function," normally profits. McGuire's discussion implied that successful entrepreneurs had comprehensive economic knowledge. He did not define any specific elements of this economic knowledge.

Livingston and Waite in The Manager's Job write about the tools of the manager and in a general sense discuss some of the characteristics of a successful entrepreneur. They relate one story of an overworked (briefcase full of work every night) manager who discovered that one day he had come to work with pants and coat that did not match. He telephoned his tailor for an emergency replacement and in the meantime stayed in his office where his desk effectively hid the offending trousers. In the ensuing several hours, he made a startling discovery--"I ceased doing other people's work and found time to do mine."[46]

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[44] Peter F. Drucker, Managing For Results, New York: Harper & Row, Publishers, 1964, p. 112.

[45] McGuire, Joseph W., Theories of Business Behavior, Englewood Cliffs, New Jersey, Prentice-Hall, Inc., 1964.

[46] Robert T. Livingston and William W. Waite, Editors, The Manager's Job, New York: Columbia University Press, 1960, p. 142.

Farmer and Richman write that in all societies human beings make the necessary economic decisions and human beings carry out these decisions. "Since human beings do not react solely according to biological instincts, they must somehow be induced to do the right thing at the right time if the basic economic decisions and the critical productive functions are to be carried out in a manner consistent with economic progress. Economic decision making and the effective and efficient performance of the critical productive functions are the task of management in all of its forms."[47]

Farmer and Richman compare the management and economic progress found in countries around the world. They discuss various constraints to a business firm's progress in many countries and dwell at length on attitudes and skills of the employees available to these firms. Higher education beyond the secondary school level is emphasized. Under marketing and distribution they listed manpower skills including knowledge of economic and psychological factors influencing demand and considerable knowledge of product prices and cost. Financial skills listed included knowledge of operation of money markets, including technicalities of bank loans, interest rates, finding credit, preparing a wide array of financial reports, the ability to analyze the company's liquidity position now and in the future and the ability to manage the firm's available cash.

Farmer and Richman discussed accounting and data processing skills apart from their discussion of financial skills. However, there appeared to be some similarities in the skills discussed.

Management was also given separate billing. They indicated managers could be involved in the previously discussed skill categories.[48] But whether he is a part of general or top management, "he will--even in a very unsophisticated way--engage in the functions of planning and decision making, controlling, organizing, staffing, and directing. His behavior and effectiveness depend in a large part on his knowledge of the techniques, tools, criteria, and principles which can be used in performing these functions."[49]

Farmer and Richman come back a number of times to the role higher education plays in management developments through business education. They also recognized the important role that special management development programs can play in management development. These are programs that are not part of the regular undergraduate or post graduate higher educational systems. These may be programs that owner managers may attend. They state, "This type of training, if properly organized and conducted, can do much to raise managerial effectiveness by providing participants with new information and knowledge about research findings, techniques, methods, and tools which are applicable to their present or future jobs. It can obviously result in changes in the manner in which they perform their job."[50]

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[47] Richard N. Farmer and Barry M. Richman, *Comparative Management and Economic Progress*, Illinois: Richard Irwin, Inc., 1965, p. 15.

[48] *Ibid.*, p. 90.

It would appear that Richman and Farmer would strongly endorse programs such as the pilot small business management project of the Division of Agriculture Education, University of Minnesota. They conclude, "A country is no better, in economic terms, than the skills, education and training of the persons in it."[51]

Paul Mali in Managing By Objectives opens his book with the statement, "The greatest challenge offered to management is to reconcile and integrate human effort, resources, and facilities toward common goals while avoiding discord and common disasters."[52] Mali's solution to decisions that the entrepreneur must face is "Managing By Objectives." Mali recognizes the importance of knowledge or skills as he defines it, and defines six general categories of skills which form the basis from which specific and specialized skills of managing by objectives emerge. Mali's general categories of skills give a clear perception of the knowledge that Mali is confident the successful entrepreneur should have. His six categories follow:

1. Technical skill. This skill involves the proficient use of knowledge in specific disciplines. This is the specialized information, methods, processes, procedures, and techniques involved in the technology of the product or services of the company or industry.

2. Behavioral skill. This skill is primarily the utilization of knowledge and understanding of people as they conduct themselves with others. Such understanding promotes working with others cooperatively and effectively as a natural and continuous activity. It requires an awareness of attitudes and beliefs held by individuals and groups and how these govern their goal-reaching processes.

3. Conceptual skill. This skill is the ability to utilize existing knowledge in order to perceive additional knowledge. It is purposeful risk taking for creating new conditions. Exploration, questioning and probing are some of the tools that cut across established areas of a business. Conceptual skill is interdisciplinary since it involves the ways in which various functions of systems depend on other systems as well as the way changes in any one part affect all the others.

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[50] Ibid., p. 95.

[51] Ibid., p. 108.

[52] Paul Mali, Managing By Objectives, New York: Wiley-Interscience, 1972, p. 1.

4. Implementing skill. This skill involves the ability to get work done on a day-to-day, program-to-program basis, or the ability to concentrate just enough resources of time, money, and effort to initiate what has to be done, conduct the activity, and bring it to a successful end. Achievement and accomplishments are the principle dimensions for employing this skill.

5. Economic-Business skill. This skill is the utilization of knowledge and understanding of the business enterprise as a firm operating in a market for the sale of goods and services. It involves the manner in which an enterprise uses scarce and limited resources to meet changing and unpredictable demands. It involves the strategy of production, distribution, and consumption of goods and services with maximizing of output and minimization of input.

6. Managerial skill. This skill is the effective utilization of general management information, specific knowledge, and proven practices in the planning, directing, and controlling of a business enterprise toward profit and perpetuation. It involves the organization and strategies of people, facilities, resources, and money for selling products and services within the limits of costs, quality, and time.[53]

Mali points out that the practitioner (the entrepreneur) cannot know everything contained in each of these six areas. He further points out that identifying specific skills of successful "Management By Objectives" practitioners is difficult because of the extreme complexity of the strategy of a managerial way of life. Mali stated emphatically that tests and measuring techniques have proven inadequate. Mali's view of the complexity of the situation is borne out by other previously cited research which addresses the inability to define needed management skills in precise terms. Another position of Mali's that supports one hypothesis of this writer's research was that "Formal education is neither an exclusive nor a completely sufficient method for providing these specific skills to the practitioner of managing by objectives."[54]

Mali stated that neither completion of some levels of formal education nor work within a discipline signify preparation for the practice of managing by objectives. He supported the idea that knowledge was the basis from which skills can develop. He was very positive about what could be done to equip the entrepreneur through workshops, seminars and individual consultation.

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[53] _Ibid_., pp. 248-249.

[54] _Ibid_., p. 252.

An interesting approach to viewing entrepreneurial behavior is related in David C. McClelland's book The Achieving Society. McClelland goes into considerable discussion of entrepreneurial behavior in the United States and numerous other countries. He presents the theory of "n Achievement" which he theorizes drives males in various countries to entrepreneural roles. McClelland describes "n Achievement" as a method of measuring individual differences in human motivation. The first step in the method is to get boys to write fantasy stories. These stories are then scored based on the number of thoughts in the story indicating some idea or desire to achieve.[55] The score indicates the individual's "need for achievement" or the n Achievement score. McClelland indicates that American males with high n Achievement come more often from "the middle class than from the lower or upper class, have better memory for incompleted tasks, are more apt to volunteer as subjects for psychological experiments, are more active in college and community activities, choose experts over friends as working partners, are more resistant to social pressures, cannot give accurate reports of what their inner concern with achievement is."[56]

Later in his book McClelland presents the hypothesis that n Achievement levels of population are associated with economic growth, he even discusses n Achievement and "Entrepreneurship In Preliterate Cultures."[57] To determine n Achievement levels in preliterature cultures, he relies on analysis of the content of folk tales widespread in the culture. He presents considerable data on American Indians.[58]

In discussing Characteristics of Entrepreneurs, McClelland reports on some data that relates n Achievement and economic success. The study he reports showed that those classified as receiving the top salary had a mean n Achievement score of 6.60 as contrasted to 4.33 for those classified as not receiving a top salary. McClelland also reported on studies of n Achievement levels in other countries and relate the achievement level to Entrepreneural success. Generally he reports a positive relationship between higher n Achievement scores and Entrepreneural success.[59]

McClelland reports on numerous other factors that relate (apparently) to aspirations of success including color preference. In this writer's opinion, McClelland's book is interesting to study and should be recommended to anyone studying entrepreneurial characteristics and behavior.

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[55] David C. McClelland, The Achieving Society, New Jersey: D. Van Nostrand Company, Inc., pp. 41 & 43.

[56] Ibid., pp. 43-44.

[57] Ibid., p. 63.

[58] Ibid., p. 66.

[59] Ibid., pp. 259-300.

Summary

The review of literature revealed management research that addressed to varying degrees the questions that are the focus of this writer's research. It was also found that farm management research addressed the question of entrepreneurial characteristics that correlate with success in a much more practical way than has research of similar entrepreneurial characteristics in the non-farm business area. (Practical used here and in the remainder of this summary means practical from an application to educational program development focus.) It appeared that there is a void in research of the small business entrepreneur as to characteristics that relate to his business success.

In one sense the above indicated void in practical research is not surprising when one considers that business management education comparable to that available to farm operators has not existed prior to the pilot project started in 1973 by University of Minnesota Department of Agriculture Education. It is expected that this pilot project will generate considerable literature of a practical nature that is comparable to some of the farm management research literature.

The major thrust in the review of literature was for specific data on characteristics of small business entrepreneurs, that could be used in designing educational experiences that effectively and efficiently enhance the prospects for success of those enrolled. In reviewing the works of Drucker, Mali, McClelland, White and others, it is obvious there is a good field of information covering a very broad spectrum, but far too general for the educator who wants to know what specific components of business education are more important than others; or what specific phases of management education will pay the largest dividends to the small business enrollee and to the public tax dollar. It is the intent of this writer's research to collect and evaluate data on small business entrepreneurs that are comparable to some of the practical research findings already available on management education for farmers.

EVALUATION: BENEFIT-COST

The Problem Delimited

Small businesses continue to grow in size and volume of operation. Very much like the farm businesses they are making a greater use of capital, and the need for competent management is ever increasing. Apart from the labor intensive, low capitalization businesses of the past, the new small business presents a complex problem of cash flow management--not common to the background or training of most small business entrepreneurs.

While one would assume it would be easy to describe the itinerary of a person entering small business as an entrepreneur, such is not the case. Studies have identified major characteristics of entrepreneurs, but they have not related educational endeavors to entry into small business. The overwhelming number of failures would seem to indicate there is an unmet need waiting for fulfillment.

Prior to the inception of the Minnesota Small Business Management Education program most of the educational efforts, and they were few, dealt with technology and short duration business management seminars. One could almost sense a reluctance on part of the educational community to do anything that approached a true long range educational program. Most efforts were aimed at training employees, and not at the self-employed.

As interest in adult education picked up in the past several years so did a concern for the small business entrepreneur. At both the national and state levels governmental "Task Forces" have been established to deal with the problems of the small business entrepreneur. The Minnesota Small Business Task Force appointed by the Governor, is charged with identifying the problems of small business and then to recommend solutions. They are concentrating primarily in the areas of education, financing and tax reform. With the evident concern for small business, the natural question raised by many people was, would a management education program for small business entrepreneurs show a positive benefit-cost relationship for the individual and community that had been proven for the farmer and community in a similar program?

The three purposes of this study are:

To determine if the economic benefits exceed the participation costs for a small business entrepreneur enrolled in the Minnesota Small

Business Management Education Program. The study will collect direct costs, and opportunity costs for the individual, to be measured against improvements in return to capital, family labor and management (CLM); a measure also identified as net business profit.

The second purpose is to determine if economic benefits exceed the community costs for a community operating a Minnesota Small Business Management Education Program. Direct and indirect community costs will be collected to measure against increases in gross business volume of the student.

The third purpose will be to correlate benefit-cost ratios to other selected variables from the study data. These correlations will serve to furthur clarify the benefit-cost evaluation.

Significance of the Problem

The three year pilot program being directed by the Small Business Management Education Program Staff at the University of Minnesota has developed a program format for the implementation of an adult small business management education program for the entrepreneur. Curriculum has been written and tested; a business analysis has been developed and tested; other details involving the operation of the program have been refined, but one still has to answer the question, so what?

This study will attempt to show that the dollars already invested have produced a program capable of utilizing scarce educational resources in a beneficial manner. If an individual or a community can invest time and dollars for small business management education, and receive a rate of return equal or above a return from other investment sources, then one might truly be able to say, 'it doesn't cost, it pays, to implement a management education program.'

While it may be too early to establish sound benefit-cost data on the pilot program, certainly one would expect to see hints of the future. Before the State of Minnesota, and other states, begin an expansion effort of the developed program legislators and citizens need to know what they are buying and what the return will be. We cannot blindly accept new programs into the educational arena without substantiating their benefits, especially in programs for the self-employed.

There are approximately 90,000 small businesses in Minnesota alone. If only one-fourth of these businesses enrolled in a management education program for small business entrepreneurs, and if they experienced the same benefit-cost ratio attributed to farmers in their own program, a significant addition would be made to the income of the small business community. The one-fourth of the businesses enrolling might be expected to invest $300 per year for three years of management education. Their total collective return to capital, family labor and management would be twenty million dollars or more.

If it can be shown that an educational component will increase the chance of success for the small business entrepreneur there may be implications for secondary and post secondary programs. The focus of training at these levels has given attention to increasing the labor supply. Only in agriculture has 'complete process' education been taught. This form of education is designed for entrepreneurship. Thus, if the small business entrepreneur is aided by management education, should this form of educationbe offered at the pre-occupational stage? While this study may not thoroughly answer this question it may provide data for future studies in this area.

Design of Study

Selection of Sample

The population from which the sample was derived could be described as the small business community of the United States, including minorities. While varying criteria are used to describe the limits of "smallness" in the total business community, this study generally deals with those businesses that cannot, or do not employ a management team capable of handling management decisions on a daily basis. The population might also be described as having predominantly entrepreneurial characteristics.

A subset of the population can be found enrolled in small business management education programs at the three Minnesota locations of Anoka, Faribault, and Thief River Falls. An additional minority subset is found in like management education programs at Brownsville, Texas; Greensboro, North Carolina; and Fort Wingate, New Mexico. While there is only a moderate amount of objective statistical data to characterize these subsets as representative samples of the total population, there is little reason to doubt that they are not representative. One might suggest that being enrolled in a pilot program would tend to indicate an attitude toward high risk taking, but this is a general characteristic found in most entrepreneurs.

The specific study sample has one identifying characteristic apart from the population and the subsets. The sample had complete data as required for a benefit-cost analysis. This data included personal information, business sales and a figure representing the return to capital, family labor and management. The subsets were relatively small; thus all business with "complete data" were included in the sample. Descriptions of "complete data" follow in the design formulas.

A summary of the types of kinds of businesses in the sample is as follows:

TABLE 1. SUMMARY OF BUSINESS CLASSIFICATIONS AND TYPES IN SAMPLE.

RETAIL	NO.	DESCRIPTION	TRF	ANOKA	FARIBAULT	BROWNSVILLE	GREENSBORO
	4	Floral Shop	1	1	1	-	1
	1	Pet Shop	-	-	-	1	-
	2	Implement Dealer	1	-	1	-	-
	2	Bike & Cycle Shop	1	-	1	-	-
	3	Appliance & TV Sales/Service	2	-	1	-	-
	3	General Sales Store	2	-	-	1	-
	3	Grocery Store	1	-	-	1	1
	3	Drive-In Foods	1	-	-	1	1
	1	Restaurant	-	1	-	-	-
	2	Electrical Equip. Sales	1	1	-	-	-
	3	Hardware Store	3	-	-	-	-
	1	Jewelry Store	-	-	-	1	-
	1	Novelty Store	-	-	-	1	-
	1	Men's Clothing Store	-	-	-	1	-
	1	Ladies' Clothing Store	-	-	-	1	-
Total	31		13	3	5	7	3

SERVICE	NO.	DESCRIPTION	TRF	ANOKA	FARIBAULT	BROWNSVILLE	GREENSBORO
	2	Service Station-Auto	2	-	-	-	-
	1	Auto Body Shop	1	-	-	-	-
	2	Beauty Shop	-	1	-	1	-
	3	Mechanic	1	2	-	-	-
	1	Advertising Specialist	-	-	-	-	1
	1	Farrier	-	1	-	-	-
	1	Laundry & Dry Cleaning	1	-	-	-	-
	1	Equipment Rental	-	-	1	-	-
	1	Organ & Piano Repair	-	-	1	-	-
	1	Driving School	-	-	1	-	-
Total	14		5	4	3	1	1

WHOLESALE	NO.	DESCRIPTION	TRF	ANOKA	FARIBAULT	BROWNSVILLE	GREENSBORO
	1	Bulk-Gas & Oil	1	-	-	-	-
	2	Butcher Shop	1	-	-	-	1
Total	3		2	-	-	-	1

TABLE 1. (Cont.)

MANUFACTURING	NO.	DESCRIPTION	TRF	ANOKA	FARIBAULT	BROWNSVILLE	GREENSBORO
	1	Manufacturing	1	-	-	-	-
	1	Cabinet Making	-	-	1	-	-
	1	Van Conversions	-	1	-	-	-
Total	3		1	1	1	-	-

TRANSPORTATION	NO.	DESCRIPTION	TRF	ANOKA	FARIBAULT	BROWNSVILLE	GREENSBORO
	1	Trucking Co.	1	-	-	-	-
Total	1		1	-	-	-	-

CONTRACT CONSTRUCTION	NO.	DESCRIPTION	TRF	ANOKA	FARIBAULT	BROWNSVILLE	GREENSBORO
	1	Building Construction	-	1	-	-	-
	3	Electrical Contractor	1	-	1	1	-
	1	Grading Contractor	-	-	-	-	1
	1	Painting Contractor	-	1	-	-	-
	2	Plumbing & Heating	-	-	1	-	1
Total	8		1	2	2	1	2
Grand Total	60		23	10	11	9	7

Benefit-Cost Procedures

A. Benefits — Calculation Procedures - Benefits

NP/CLM

One benefit used in the study is described as the return to capital, family labor and management (CLM). The figure is identical to net profit (NP) found on Schedule C of IRS income tax form. NP was used to establish a base for calculating this benefit, and was only utilized for the year prior to the first year of instruction. Where two complete business analyses were available, NP represented the 1973 year, and where only one analysis was available, NP represented the 1974 year. CLM was taken directly from the business analysis.

Adjustments to NP/CLM: Two special situations justified an adjustment in NP/CLM: 1) Where the base year represented < 12 months but > 7 months of business operation, the study utilized a monthly prorated figure equal to a 12 month operation; 2) Where the business involved a corporate structure, an amount equal to the operator's salary as an officer of the corporation was added to NP/CLM.

Added NP/CLM

This specific benefit is calculated by the use of cost-of-living increase percentages to arrive at a constant dollar equal to the base year. According to the Federal Commerce Department Statistics, the cost-of-living increased 11.0% during the 1974 year, and an additional 9.1% during 1975. For a business operator to just remain even in NP/CLM during 1974 an additional 11.0% would need to be added to 1973 NP/CLM. From 1973 to 1975 one would need to add a total of 20.1% to 1973 NP/CLM to remain even.

To arrive at Added NP/CLM, 1973 NP was increased by 11.0% and the result subtracted from the reported 1974 CLM figure to arrive at a net benefit (or loss). The 1973 NP was then increased an additional 9.1% (total of 20.1%) and the result subtracted from the reported 1975 CLM to arrive at a net benefit (or loss). Where 1974 was the base year, the 1974 NP was increased 9.1 percent and the result subtracted from the reported 1975 CLM to arrive at a net benefit (or loss). This benefit is used in both the calculation of individual and community benefits.

Adjustment to Gross Sales: The only adjustment to gross sales involved the same adjustment reported under NP/CLM: 1) Where < 12 months but > 7 months of business operation existed in the base year.

Added Gross Sales

The same procedure to arrive at a constant dollar equal to base year gross sales was utilized as described in Added NP/CLM. This specific benefit is used only in the determination of community benefits.

NOTE: The following examples illustrate the basic calculations used to arrive at Added NP/CLM and Added Gross Sales.

EXAMPLE OF NP/CLM* AND GROSS SALES ADJUSTMENTS

ARRIVE AT CONSTANT DOLLAR FIGURES

	1973		1974		1975	
	NP	GROSS SALES	NP/CLM	GROSS SALES	CLM	GROSS SALES
Reported	10,000	90,000	15,000	110,000	18,000	112,000
**Cost-of-Living Adjustment to 1973 Base to arrive at Break-Even Figures	xxxxxx	xxxxxx	11,100	99,900	12,010	108,090
Added NP/CLM or Gross Sales (True Gain or Loss)	xxxxxx	xxxxxx	3,900	10,100	5,990	3,910

* NP/CLM stands for Net Profit/Return to Capital, Family Labor and Management.

** 11.0 percent in 1974, 9.1 percent in 1975, 20.1 percent for 1974 and 1975.

B. Costs

Opportunity Costs	These costs represent the value of the individual's time (what might realistically have been earned elsewhere) while engaging in program related activities. The hourly dollar rates were equal to the minimum wage rate for cities of the first class for night-time hours and double the same rate for day-time hours. In 1974 the rate was $1.90 (2 x $1.90 = $3.80) and in 1975 it was $2.10 (2 x $4.10 = $4.20). In calculating opportunity costs, classes were assigned the night rate, and individualized instruction, recordkeeping time and group instruction were assigned the day-time rate.
Direct Costs	These costs are represented by tuition, analysis fees, supplies, texts, travel and subsistence paid by the student. Travel to classes and group meetings were calculated for 1974 and 1975 at 15 cents per mile. All other costs are actual, or what would have been paid by the student under normal program operation (non-pilot status).
Program Costs	These costs represent the community expenditures to operate the program.* Two categories of costs were included: direct program costs and other district costs that were allocated on a per instructional personnel or per district employee, as appropriate. See appendix A for a copy of the survey instrument used to collect these costs.

* NOTE: The final section of the survey instrument takes into account program income, primarily from tuition payments. The amount was subtracted from program costs to arrive at an adjusted program cost.

Findings of the Benefit-Cost Evaluation

Descriptive Statistics

Before addressing the three purposes of the study, it is first important to illustrate with descriptive data the sample characteristics. Calculations for the terms Added CLM and Added Sales are found in the previous section on Benefit-Cost Calculations.

When interpreting the following tables it is necessary to recognize that in most cases the sample size is relatively small. This might indicate that the findings should be considered tentative and perhaps only suggestive of possible trends.

The average age for the total program of 37.5 years is approximately 10 years younger than the national average for self-employed persons.

The average years of schooling for Greensboro, North Carolina, of 14.7 years is almost two years greater than the program average of 12.9. An explanation may exist in the large number of post secondary institutions available in the immediate area for continuing education.

The Net Profit (CLM) and Sales figures range from the highest in Thief River Falls to the lowest in Brownsville, Texas. The later program is totally a Mexican-American enrollment, and exists in a community with the second lowest per capita income in the United States of approximately $2000.

TABLE 2. DESCRIPTIVE SUMMARY STATISTICS FOR FIVE PILOT PROGRAM LOCATIONS.

SELECTED VARIABLES	FARIBAULT	ANOKA	THIEF RIVER FALLS	TOTAL MINN.	GREENSBORO, N.C.	BROWNSVILLE, TX	TOTAL PROGRAM
Age	35 (14)	32 (12)	40 (31)	35.7 (57)	42 (7)	37 (9)	37.5 (73)
Family Size	3 (14)	4 (11)	4 (31)	3.7 (56)	3 (7)	4 (9)	3.9 (72)
Years Schooling	11.6 (14)	12.6 (11)	13.2 (31)	12.5 (56)	14.7 (7)	12.8 (9)	12.9 (72)
1973 Net Profit	13818 (5)	0	9390 (10)	10866 (15)	0	0	10866 (15)
1973 Sales	221547 (5)	0	211665 (10)	214960 (15)	0	0	214960 (15)
1974 CLM or NP	10097 (15)	3356 (12)	10280 (28)	7911 (55)	4669 (7)	-516 (9)	7149 (71)
1974 Sales	120257 (15)	79497 (12)	173847 (28)	124534 (55)	84142 (7)	17126 (9)	117868 (71)
1975 CLM	17208 (11)	1545 (10)	15307 (25)	11352 (46)	7543 (7)	5397 (9)	11592 (62)
1975 Sales	164808 (11)	120770 (10)	222742 (24)	169440 (45)	107273 (7)	55155 (9)	157602 (61)
1974 Added CLM	2041 (5)	0	5882 (10)	4602 (15)	0	0	4602 (15)
1974 Added Sales	2799 (5)	0	7971 (10)	6247 (15)	0	0	6247 (15)
1975 Added CLM	4943 (11)	-1844 (10)	7974 (23)	3691 (44)	2123 (7)	5761 (9)	4767 (60)
1975 Added Sales	2572 (11)	19030 (10)	42505 (23)	21369 (44)	15475 (7)	36521 (9)	27220 (60)

Benefit-Cost Analyses

The first two purposes of the study dealt with benefit-cost ratios. The following table shows the findings for these two purposes.

TABLE 3. BENEFIT-COST RATIOS: 1974 and 1975*.

Benefit-Cost Ratio	Description	1974	1975
Individual CLM Ratio	Individual Added Net Profit (Return to Capital, Family Labor and Management) divided by Individual Direct and Opportunity Costs	12.08 : 1 (15)	11.43 : 1 (60)
Community CLM Ratio	Individual Added Net Profit (Return to Capital, Family Labor and Management) divided by Individual and Community Costs	5.52 : 1 (15)	5.21 : 1 (60)
Community Sales Ratio	Individual Added Sales divided by Individual and Community costs	7.49 : 1	29.77 : 1

* Numbers in () indicate number of observations.

Invidual CLM Ratio

The findings show that for each dollar the individual enrolled in a small business management education program incurred in direct and opportunity costs there was a return of added Net Profit in 1974 of $12.08, and in 1975 a return of $11.43. The difference between years may be due to the increase in number of observations, thus a better cross-section of the population, or simply the effect of randomness.

Community CLM Ratio

The findings show that for each dollar incurred by the community for a program in small business management education there was a return of Added Net profit of Added Net Profit of \$5.52 in 1974 and \$5.21 in 1975.

The previous Individual CLM Ratio is approximately twice as large as the Community CLM Ratio. This is similar to the pattern found in Persons'[60] study of the returns to farmers.

Community Sales Ratio

The findings show that for each dollar incurred by the community for a program in small business management education there was a return measured in Added Sales of \$7.49 in 1974 and \$29.77 in 1975. The increase in sales from 1974 to 1975 as reflected in this ratio is not reflected in increased profit as measured by CLM. There are at least two plausible explanations for this. In a pilot program situation those first year enrollees who tended to be more successful may have been the ones to submit their business records for analysis, and the first group of businesses represented by the 15 in 1974 may have been a more mature and experienced group.

This final ratio also follows the pattern observed in Persons' study[61] of being slightly greater than two times the Individual DLM ratio.

Correlations Between Selected Variables

The final purpose of the study dealt with the correlation of the benefit-cost ratios to selected variables. While many variables are reported in the appendix, only the two variables (Age and Years of Schooling) are reported here.

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[60] Persons, p. 24.

[61] *Ibid.*, p. 37.

TABLE 4. BENEFIT-COST RATIOS CORRELATED WITH AGE AND YEARS OF SCHOOLING.

Benefit-Cost Ratio	Age	Years of Schooling
1974 Individual CLM Benefit-Cost Ratio	.0410* (15)	.3059 (15)
1975 Individual CLM Benefit-Cost Ratio	.2270 (59)	.1264 (59)
1974 Community CLM Benefit-Cost Ratio	.0359 (15)	.3035 (15)
1975 Community CLM Benefit-Cost Ratio	.2144 (59)	.1267 (59)
1974 Community Sales Benefit-Cost Ratio	-.1067 (15)	.5266** (15)
1975 Community Sales Benefit-Cost Ratio	-.1116 (59)	.1040 (59)

* PPM coefficients, number of observations are in ( ).

** Statistically significant at .05 level.

There are no significant correlations between age and any of the variables listed, for the sample included in the study. The correlation of Age to Community Sales is in the opposite direction expected if one follows the suggestion that age and experience might account for some of a person's success in business.

The 1974 Community Sales correlation to Years of Schooling is significant at the .05 level. It is interesting to note that the 1974 Individual CLM correlation to Years of Schooling is not significant. This might suggest that sales and profits do not always go hand-in-hand.

Recommendations and Conclusions

It is recommended that a follow-up study on benefit-cost ratios be undertaken two or three years from this date to assure an ample sample size and results of a 'long-run' nature from existing small business management education programs.

There appears in the ratios of this study ample evidence of a positive benefit-cost return, far exceeding unity, for the individual and community. The recommendation then is for communities to look favorably upon the establishment of small business management education programs, and for individual businesses to seek enrollment in these programs.

Additional implication are evident for an increase in the number of teacher training programs to provide instructor expertise and for work in the legislative and policy areas for program expansion.

EVALUATION: ECONOMIC PRINCIPLES AND ATTITUDINAL SURVEY

Instruments of the Study

Instruments used in this study were patterned after instruments used in previous studies and educational programs. However, the patterns were only guides for broad outlines and direction; beyond that, all of the instruments were developed specifically for the small business management education project.

One of the early tasks of the Small Business Management Project was to develop instruments that would give some measure of business knowledge and measure attitudes of community interest. Early in 1974 the project staff developed the "Norper Test on Profit Maximizing Principles for Small Business." This test was patterned after "McCormick's test of Profit Maximizing Principles."[62] The staff also revised the attitudinal inventory used by Kittleson[63] for this project's "Business Attitudinal Inventory." Samples of both tests are included in the appendix of this study.

The enrollees in the pilot program were required to keep detailed business records. A significant segment of the first year classroom instruction and the at-the-business instruction centers around business records. These business records were the basis for the earnings information used in this study. Records kept for each business were closed out at the end of the business year and analyzed by project staff at the Difision of Agriculture Education, University of Minnesota. A sample of the business analysis developed by the project staff is included in the appendix. Economic data related to the study are taken from the analysis of the businesses enrolled and from the supplementary information forms collected each business year.

Statistical Analysis

Compiled data was placed on punch cards and processed at the St. Paul Campus Computer Center with a SP44 "Multi Purpose Descriptive Statistical Program." Reliability of the Economic Knowledge Test (Norper) was measured by the "Kuder-Richardson Formula 21" KR 21.[64] Reliability of the attitudinal test was done at the computer center with a SPSS "Statistical Package for The Social Sciences" version 6.00 April 1, 1975.

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[62] Floyd G. McCormick, "Developing a Procedure for Evaluating Farm Understanding of Basic Profit Maximizing Principles." PhD Dissertation, The Ohio State University, 1964.

[63] Kittleson, Howard Morgan. "Attitudes Toward Entrepreneurial Behavior and Education - Their Relation to Instruction." Unpublished PhD Thesis, University of Minnesota, 1969.

[64] Lee J. Cronback, Essentials of Psychological Testing, New York: Harer & Brothers, 1960.

Economic Principles Test

The purpose of the Norper test is to measure economic knowledge and the test is based on "Profit Maximizing Principles." Some of the principles in the test are defined as diminishing marginal returns, substitution of inputs, variable and fixed costs, diminishing utility combination of resources, opportunity cost, and risk, and time decisions. A copy of the Norper test is in Appendix C.

Attitude Scale

As indicated earlier, the attitudinal test was divided into three sub-scales. Sub-scale 1 consisted of items in the attitudinal test that represented the attitude toward education - the higher the score, the more positive the individual's attitude toward formal education. Items in sub-scale 1: 1, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40; a total of thirty seven items. A sample of those items is as follows:

1. To be successful in business, education is a necessity.

9. More adult education should be provided for owners of small businesses.

11. The more education a man has, the better he is able to enjoy life.

20. A college education for a businessman costs more than it is well worth.

Sub-scale 2 consisted of items in the attitudinal test that represented an innovative attitude toward managing business. The higher the score, the more innovative the attitude. Items in sub-scale 2: 2, 3, 43, 44, 49, 51, 52, 55, 56, 57, 59, 61, 70, 75, 76, 77, 79, 80, 81; a total of nineteen items. The following represent a sample of these items:

43. I like to try new sales promotion ideas.

49. Credit should be used as a part of the operating funds in the business.
55. There is not enough research in business.

70. Operating a business cannot be done without records.

Sub-scale 3 consisted of the items in the attitudinal test that represented a conservative (or traditional) attitude toward managing a business. The higher the score, the more conservative the attitude. Items in sub-scale 3: 10, 41, 42, 45, 46, 47, 48, 50, 53, 54, 58, 60, 62, 63, 64, 65, 66, 67, 68, 69, 71, 72, 73, 74, 78, for a total of twenty-five items. A sample of these items is as follows:

41. Young managers should have a goal of owning their own business someday.

62. Business decisions should be based mostly on experience.

63. A good businessman should not be in debt.

69. Owners should use credit only when absolutely necessary.

A copy of the complete instrument is included in Appendix E.

Methodology

Both the economic principles (NORPER) and the attitudinal survey instruments were given to the small business management students during the first class sessions following enrollment. These same students were again asked to complete both instruments at the close of the pilot program phase. Instructors encountered an extreme amount of difficulty in accomplishing the task, resulting in a limited sample size as will be discussed later.

The completed instruments were returned to the project staff for scoring and preparation for statistical analysis. This analysis provided information for the questions; (1) Is there a correlation between knowledge of economic principles and income, and was there a change in this correlation between pre and post test data?; (2) Was there a correlation between the three sub-scales on the attitudinal survey and income, and did this correlation change between pre and post survey data?; and, (3) Is there a correlation between prior education and either of the instruments in a pre or post test setting?

Results of the Study

As indicated earlier, the difficulty encountered by the instructors in administering the instruments resulted in a small sample size. The following Table 5 illustrates the sample obtained.

TABLE 5. INSTRUMENT OBSERVATIONS: PRE-TEST/POST-TEST.

Instrument	Pre-Test Observations	Post-Test Observations
NORPER-Economic Principles	32	19
ATTITUDINAL-Education	32	15
ATTITUDINAL-Innovative	32	15
ATTITUDINAL-Conservative	32	15

An additional difficulty with the small sample size lies in the fact that an even smaller sample size occurs when attempting to match the instrument observations with other variables like Net Profit and Sales.

The results of the study showed there was no significant relationship between knowledge of economic principles and income. Income was identified through an Index of Net Profit. Table 6 indicates the results.

TABLE 6. CORRELATION OF NORPER PRE-TEST/POST-TEST TO INDEX OF NET PROFIT.

	1974 Index of Net Profit	1975 Index of Net Profit	Single Year Index
NORPER-Economic Principles Pre-Test	-.2552	-.3833	-.4835
Observations	9	9	27
NORPER-Economic Principles Post-Test	.07 .0752	-.2637	-.0938
Observations	6	6	17

1974 and 1975 Index of Net Profit represents those students enrolled in the small business management education program during the first two years---receiving instruction in recordkeeping and analysis of business information. The Single Year Index represents those students enrolled in the second year of the program, but for their first year of instruction---primarily in recordkeeping.

While there were no significant correlations between any of the variables, and in fact most were in the opposite direction expected, there is an interesting observation one can make.

All the Index correlations show a shift in the right direction between Pre-Test and Post-Test data. It would be interesting to observe what shift occurs during subsequent years of instruction which deal more with economic principles than did the first two.

The question involving correlations between the attitudinal survey and Net Profit again resulted in a small sample as shown in Table 7.

TABLE 7. CORRELATION OF ATTITUDINAL SCALES TO INDEX OF NET PROFIT.

Attitudinal Subscale and Observations	1974 Index of Net Profit	1975 Index of Net Profit	Single Year Index
Education Pre-Test	-.4765	-.5206	.0927
Observations	9	9	27
Innovative Pre-Test	.3660	.2065	.2894
Observations	9	9	27
Conservative Pre-Test	-.2243	-.4432	.0873
Observations	9	9	27
Education Post-Test	-.1210	-.5412	-.1532
Observations	6	6	13
Innovative Post-Test	.4621	.3195	.4930
Observations	6	6	13
Conservative Post-Test	-.0808	-.0969	.3339
Observations	6	6	13

None of the correlations on this table are statistically significant. While the sample sizes are small, and the correlations are not significant, the Innovative and Conservative scales appear to be in the right direction based on literature identifying entrepreneurial characteristics.

The final question involving a correlation between prior education and either of the instruments exhibited the following results:

TABLE 8. CORRELATION OF ATTITUDINAL SCALES AND NORPER TO YEARS OF SCHOOLING.

Instrument and Observations	Years of Schooling Pre-Test	Years of Schooling Post-Test
NORPER-Economic Principles	.6050	.2477
Observations	31	18
Education	-.2557	-.2843
Observations	31	15
Innovative	-.3291	-.2720
Observations	31	15
Conservative	-.0127	.0343
Observations	31	15

The Pre-Test correlation of the Norper with Years of Schooling is significant at the .01 level. While the Post-Test is not significant it is in the right direction. The smallness of sample size makes it difficult to interpret.

The Attitudinal sub-scales are basically not in the right direction, but this might indicate a lack of business or management education in their years of schooling, thus the unfavorable attitude. Reliability of the Economic Knowledge Test (Norper) and the Attitudinal subscales were completed as identified in the previous section titled Statistical Analysis. The Standardized Alpha for the Norper was .70, for subscale Education .60, for Innovation .74 and for Conservative .67.

EVALUATION: FINAL ON-SITE VISITATION

Part of any evaluation should include the perceptions of local personnel involved in the program. The staff chose to use the Frontier Survey, SBM 1976 P & P, as the instrument to obtain these perceptions.

While the observations that follow cannot be objectively evaluated, they can be assumed to be reasonably valid due to the following conditions:

1. Each minority instructor was a member of his specific race, having been raised in the community of the program operation, and could readily identify with his cooperators.
2. The instructors were familiar, over a long period of time, with other programs that had been tried in the community, and with the politics of the area.
3. Finally, each instructor was judged by the staff to be of exceptional character and ability in community affairs and the conduct of the small business management pilot program.

The following perceptive observations were recorded as direct responses to the Frontier Survey previously mentioned, by the minority personnel.

POPULATION: American Indian Population

AGENCY: American Indian Consultants

LOCATION: Ft. Definace, New Mexico (and Arizona)

I. General Objectives of Program:

A. What did you understand them to be?

Response: *To put together an overall management program, keeping in mind the businessman as an individual, and based on family goals (an interest in developing the family).*

B. How well were they accomplished?

Response: *In the short time this program has been in operation, it has been successful. Most important concept revolves around the family, as the family plays a big role in our society. This program concentrates on the family goal approach.*

II. Operation of Program:

A. How well were you able to deal with:

1. Classes:

Response: *The major problem is geographical distance. Also, it's hard to get them to understand the need for group activity. Classes should be offered in Navajo and English to help cross the language barrier.*

2. Individual Instruction:

Response: *This is one of the strongest program links. Talking about the business and family helps build instructor-student rapport. This method of instruction requires careful evaluation of each business and family. We must have individualized programs.*

3. Group Sessions:

Response: *Really not tried as distance for students to travel is too great. Building confidence with students took time and often took physical action, rather than mental action to get students to trust instructor's judgement and motives. The instructor has to create the attitude that he is empathetic.*

B. How well were you able to use:

1. Promotional Material:

Response: *We used the project resume and brochures somewhat, and also did some radio announcements. Primarily relied on personal contact to promote program and recruit students.*

2. Curriculum:

Response: *We could not use it as written. It generally is premature for the Indian culture. Parts of lessons were used such as inventories and taxes. Items like asset accounts, liabilities, balance sheet and operating statements lessons are too sophisticated.*

3. Analysis:

Response: *It is too elaborate for the individual. Students know they must have it, but probably can't use it themselves. It is probably essential for the instructor, however.*

III. What special instructor capabilities are needed?

Response: *An ability to communicate with the family, businessman and others is essential. Where he got his experience may not be important, as long as the instructor can communicate. He needs to be able to identify and describe problems. The instructor needs experience as an active business participant, not necessarily as an owner or manager. He has to have had a taste of the real world.*

IV. Areas of Program Re-Design needed?

A. Theory:

Response: *No change needed. Concept of family goals and involvement very good.*

B. Application:

Response: *Classroom instruction not very appropriate for our area.*

V. Future of Program on the Local/State Basis:

Response: *The impact of our efforts will be felt for a long time...the word has spread. For the first time (ever), the tribe has expressed an interest in a program of this type and indicated a willingness for support. Interest has spread to the non-Indian community. The success is not specifically due to the instructor, but to the design and concepts of the program.*

VI. Budget Considerations:

A. What is your estimate of the budget needed for salary, supplies and travel for a program in an area like yours?

Response: *It would have to be $20,000 to $25,000 to adequately cover the area. A total program should have two instructors, a secretarial aid and an accountant (to assist in the problem solving, cost accounting and tax accounting areas).*

B. Was the project budget adequate to cover program costs?

Response: *It was a little slim, especially as it didn't allow enough to take students to special education programs.*

VII. Are there special features that must be recognized and made a part of the program if it is to work in your community?

Response: *A summary of the Indian community needs from our previous discussion would center around the geographic problems of classroom instruction, and on the language problem.*

VIII. How would you rate the success of the program in comparison to other programs you have observed in the community?

Response: *This program was probably more successful than any other federal program...threefold. It's an action program with direct contact with those who participate. It's for the people directly...not for an agency. It might be added that the program would probably not succeed in our American Indian community with a non-Indian instructor.*

POPULATION: Mexican American

AGENCY: Adult Continuing Education Center

LOCATION: Brownsville, Texas

I. General Objectives of Program:

A. What did you understand them to be?

Response: The main objectives were to establish a recordkeeping system tied to the subsequent business analysis, and other facets of business. The idea of goals was related through my own personal situation involving the business my father owned.

B. How well were they accomplished?

Response: The recordkeeping phase was done well, but there was a lack of follow-through on the analysis by the student. I would rate the goals idea as fairly effective.

II. Operation of Program:

A. How well were you able to deal with:

1. Classes:

Response: We used them without problem to disseminate the lessons in general. Much of the teaching was bilingual.

2. Individual Instruction:

Response: We used this to follow-up the lesson material. During these sessions we also got involved in setting up inventory control systems, merchandizing and other business technology problems. We tried to get the whole family involved in the business, especially to have them understand the importance of the business. There were occasional involvements in personal affairs--listening and counseling in things that ultimately would have affected the business. There was a difference in the length of time it took to gain the confidence of the student.

3. Group Sessions:

Response: We did not utilize these.

B. How well were you able to use:

1. Promotional material:

Response: *We used the form letters to recruit students and advisory committee members. Student recruiting was done through the newspaper, radio, TV, the school district newsletter which goes to the parents of all the children in the school district and through personal contact. The personal contact and the school district newsletter were the most effective approaches.*

2. Curriculum:

Response: *Overall, it was pretty good. Some items, particularly the reference materials, were not used. A lot of the students want immediate action, "Show me how to do it now...tell me why later." We added quarterly reports, getting a business identification number and other similar things to the curriculum. The inventory lesson was expanded to show several systems. I had to teach bilingually here in Brownsville, and this would probably be true in most of the Mexican-American frontier towns.*

3. Analysis:

Response: *If we first look at the need, I don't think some of the very small businesses need the analysis. We are constantly analyzing with profit and loss statements on a regular basis. The overall yearly analysis would be an accumulation of these reports. However, the design of analysis for those who need it is complete.*

III. What special instructor capabilities are needed?

Response: *He definitely would have to have some type of counseling, communicating background, and a good accounting base. An SBI (Small Business Institute) experience could substitute for an actual business background. Human relations training can add to the instructor's ability to handle personal problems. I see a degree as a must, and being certified to teach. The instructor should have as the foremost quality the ability to communicate.*

IV. Areas of Program Re-Design Needed?

A. Theory:

Response: *No change needed; however, emphasis may change. Values may be different but goals and objectives are still applicable.*

B. Application:

Response: *I would put more practical application into the curriculum. In our situation, there seems to be a need for weekly individualized instructional visits for the first few months, and on a monthly or as needed basis later.*

V. Future of Program on the Local/State Basis:

Response: *Financing is the biggest roadblock. We have had a lot of requests from outside of Brownsville city limits, but within our cooperative service area, for this type of program. The requests are coming from a lot of Anglo businessmen also, not just Mexican-Americans.*

VI. Budget Considerations:

A. What is your estimate of the budget needed for salary, supplies and travel for a program in an area like yours?

Response: *If we set up a program and had to cover salary, travel, and some supplies, it would take $20,000. This assumes that the district will contribute administrative services.*

B. Was the project budget adequate to cover program costs?

Response: *No, but we were able to utilize funds from related projects. Travel costs and bilingual materials added substantially costs.*

VII. Are there special features that must be recognized and made a part of the program if it is to work in your community?

Response: [illegible] *need for bilingual materials is a must.*

VIII. How would you rate the success of the program in comparison to other programs you have observed in the community?

Response: *It's very interesting to know that all of our adult training programs are geared to train employees. They are expensive because we have the equipment and feel compelled to keep training--thus we flood the market. We have approached agency people about the idea of our small business type training--training employers--and received favorable responses. I look at it as a very interrelated program, tied to a lot of other training. If we were to apply the training to people who wanted to go into business, I could see a problem,as they decide not to go into business once they learn its complexities. I would say the small business management program is effective in training students for what its objectives are. The objectives and impact of the program are more immediate. If we compare to other vocational programs, the small business management program has been much more successful.*

The basic remedial classes are of prime importance. Adult Basic Education and GED are of foremost need primarily due to the low level of education in our community.

POPULATION: Black

AGENCY: North Carolina A & T State University

LOCATION: Greensboro, North Carolina

I. General Objectives of Program:

A. What did you understand them to be?

Response: Helping a small business person with an on-going business to better manage his own business, and to increase his awareness of the need for management. This would be in recognition of the individual's own goals and objectives.

B. How well were they accomplished?

Response: Have tremendously increased the individual's awareness of the need for management. In terms of being able to better manage his own business, there has been a pretty good response.

II. Operation of Program:

A. How well were you able to deal with:

1. Classes:

Response: Pretty satisfactory for most of the people. Outline of classes somewhat determined how many would attend because of varying degrees of business knowledge.

2. Individualized Instruction:

Response: Fairly good success. Essential that it be maintained. Lack of cooperation by some students created a problem.

3. Group Sessions:

Response: Wish I had used more of these classes. No competition for special topic sessions from other agencies.

B. How well were you able to use:

1. Promotional Material:

Response: Used a lot of personal contact and information mailing. Also used radio, newspaper and TV. Best results from personal contact. Some students were recommended from former class members.

2. Curriculum:

   Response: *I liked the idea of attention focusers to begin class. Generally the curriculum was pretty good. Some students wanted to move faster, but we handled the situation through individualized instruction.*

3. Analysis:

   Response: *It's definitely needed. Students liked analysis and appreciated comments about trends. Some wanted additional information not of a financial nature. A good point about the analysis is its use for securing credit. Table 7 on efficiency factors and the departmental tables are a good idea. The format is just right--not too sophisticated.*

III. What special instructor capabilities are needed?

Response: *I would look first for some business experience. An education experience would be good also. The business experience could be a combination of educational work and actual business experience. A combination of employee and employer background would be good. The ability to communicate and to emphathize is needed.*

IV. Areas of Program Re-Design Needed:

A. Theory:

   Response: *It should remain the same. Possibly consider grouping of students based on type of business and educational background.*

B. Application:

   Response: *Maybe add a seminar segment to handle problem areas. Otherwise okay.*

V. Future of Program on the Local/State Basis:

Response: *The program would definitely continue if finances (funding) were available. Competition from SBI, OMBE, SBA, and other organizations might prevent future developments.*

VI. Budget Considerations:

A. What is your estimate of the budget needed for salary, supplies and travel for a program in an area like yours?

   Response: *$20,000 to $23,000.*

B. Was the project budget adequate to cover program costs?

Response: *Yes, but slim. We would have done a number of additional things if more money had been available, for instance, we could have done additional selling (promoting) which would have helped the program to succeed. We also would have brought in additional experts to help with classes.*

VII. Are there special features that must be recognized and made a part of the program if it is to work in your community?

Response: *No, the program can operate as it is. However, the Black businessperson needs to recognize the role he must play in politics, especially in the area of local government, to successfully conduct a business and assume civic responsibility.*

VIII. How would you rate the success of the program in comparison to other programs you have observed in the community?

Response: *Slightly more successful than other programs. Some other programs have dealt with specific problems, but they have not gotten a good cross-section of the population involved. Some programs have not really been oriented toward the Black business community.*

CHAPTER VI

DISSEMINATION ACTIVITY

Early in the development of the Small Business Management Education program it became evident the project was being watched by many other states. The dissemination activity which would normally occur at the end of a successful project was conducted on an informal basis throughout the three year duration of the project. The project staff did not actively seek dissemination activities, but rarely turned down requests for literature or speaking engagements. Some of the major dissemination activities are reported in this chapter.

Training Courses

Minnesota Workshop

In August of 1975 the Project Director conducted a two-week workshop titled: Special Topics--Curriculum in Small Business Management. The primary objective of the workshop was to prepare new instructors to implement SBM programs in their communities. The workshop is scheduled to be taught again in August and September of 1976.

Alaska Workshop

In September of 1975 the Project Director, upon the request of the Cooperative Extension Service, University of Alaska, conducted a one-week workshop in Alaska. Students were primarily native Eskimo and Indians. The main objective of this workshop, like the Minnesota workshop, was to prepare an instructor cadre for new program implementation in Alaska.

Wisconsin Workshop

In June of 1976, the Project Manager presented one week of a three week workshop at the University of Wisconsin, Madison, titled: Design: Small Business Ventures. Utilizing materials developed during the three years of the project, the main objective was to aid students from the design and crafts areas to get established in a small business venture. The workshop was offered under the auspices of the School of Family Resources and Consumer Sciences.

Meetings

Seattle Conference

The Project Director and Manager attended and made presentations at the National Invitational Farm Management Conference in June of 1975 in Seattle, Washington. Representatives of Community Colleges in Washington and Oregon attended a special session explaining the development of the Small Business Management Program. Several of the schools represented were interested in implementing the program. In October of 1975 programs were initiated at Chemeketa Community College, Salem, Oregon and at Centralia Community College, Centralia, Washington. Additional programs are scheduled to start in both these states in the fall of 1976.

Bismarck Conference

The Project Director participated in the National Invitational Farm Management Conference at Bismarck, North Dakota in June of 1976. Discussions were held with personnel from both North and South Dakota who expressed an intent to implement small business management programs in the fall of 1976.

Inquiries and Materials Distributed

State Inquiries

The Project Staff has corresponded with state departments of education, extension divisions, university and college personnel, technical schools and other individuals requesting program information. The following is a list of states from which inquiries have been received. It is logical to assume through the spillover effect that individuals from all 50 states have become aware of the project.

1. Alaska
2. Arizona
3. California
4. Florida
5. Illinois
6. Kentucky
7. Louisiana
8. Massachusetts
9. Michigan
10. Minnesota
11. Nebraska
12. New Mexico
13. New York
14. North Carolina
15. North Dakota
16. Ohio
17. Oklahoma
18. Oregon
19. South Dakota
20. Texas
21. Washington
22. Wisconsin
23. Wyoming

In several instances there have been a number of inquiries from within a state.

International Inquiries

An inquiry was received in February of 1976 from the Institute for Small Scale Industries, University of the Philippines, Quezon City, Philippines, for a copy of the materials being developed. The inquiry was initiated during an Inter-Country Project Committee Meeting on Entrepreneurial Development held at the University of the Philippines where some of our project materials had been displayed by an unidentified person or persons.

In May of 1976 the Project Staff received an inquiry and request for materials from the Technical Teacher Training Institute, West Region Shamla Hills, BHOPAL (M.P.) India.

Brochures

Appendix I is a copy of an informational brochure developed to help respond to inquiries. The initial printing of 1,000 copies has been widely distributed for informational purposes, and as a promotional aid in enrolling students in small business management programs. Additional copies will be available in the future from the Division of Agricultural Education, University of Minnesota.

Small Business Management Volumes I, II, and III

A very limited distribution has been made of Volume I--*Instructors Manual*, Volume II--*Business Analysis*, and Volume III--*Curriculum*. Distribution has been made primarily to instructors of new programs and other individuals in high level decision-making areas. All Volumes, including Volume IV--*Final Report*, will be available from the Division of Agricultural Education, University of Minnesota following the submission of this final report.

Slide-Tape Set

A narrated colored-slide and cassette tape illustrating the Small Business Management Program was developed for use by instructors and other individuals to aid in program promotion and recruitment. These sets were mailed upon request to approximately 30 different locations and were used numerous times by the project staff. The sets will continue to be on a loan basis in the future from the Division of Agricultural Education, University of Minnesota.

Newsletter

A monthly newsletter was developed during the final year of the project. The newsletter provided a vehicle of communication between instructors, advisory committee members, State Department Staff and Project Staff. A monthly mailing was made to 75 individuals.

It is anticipated that this newsletter will be continued in the future as the prime means of communicating program development. Appendix J contains the final issue of the newsletter dated June, 1976.

Legislative Contacts

The Project Staff has made an effort to inform the U. S. Senators and Representatives from Minnesota, North Carolina, Texas and Arizona about the status of the Small Business Management Education Pilot Project being conducted in their states. Significant input for the continuation of the pilot program was received from Minnesota Senators Hubert H. Humphrey and Walter F. Mondale, and Minnesota Representatives Bob Bergland and Albert H. Quie. Additional contacts with State Legislators representing areas surrounding each pilot program site were made by the Small Business Management Instructors.

The Governor of Minnesota, Wendell Anderson, appointed a Small Business Task Force in 1975 to study the problems of small business in Minnesota, and to recommend solutions to these problems. The Project Director and Manager were asked to develop a proposal addressing the educational delivery systems for small business management education in Minnesota utilizing institutions and systems at all levels.

Program Expansion in Minnesota

The Vocational-Technical Division of the Minnesota State Department of Education announced in June of 1976 that six additional small business management education programs would be started. The sites approved include the Post-Secondary Area Vocational-Technical Institutes at Bemidji, Brainerd, Hibbing, Pine City, and Willmar, and a secondary vocational center at Wells, Minnesota.

These programs will follow the format of the three pilot sites in Minnesota located at the Anoka, Faribault and Thief River Falls Post-Secondary Area Vocational-Technical Institutes. The pilot programs will continue to operate bringing the total programs in Minnesota to nine.

New Dissemination Proposal

U. S. O. E. informed the Porject Director in June of 1976 that they would fund a new application for research entitled Entrepreneurship Education for Adults: Development and Implementation, submitted by Professor Edgar Persons and Professor Gordon Swanson of the University of Minnesota. The new project is scheduled to begin the Fall of 1976 and to run for 18 months.

The main objectives are:

1. To establish a design for carrying out needs assessments for program development in entrepreneurship as an occupational and a career goal.
2. To ascertain whether it can be demonstrated that instructional modules can be prepared to:
    a. assist with need assessment as it relates to individuals, and
    b. to provide highly transportable pre-self-employment instruction which is not occupation-specific.
3. To refine instructional materials for those already involved in entrepreneurial activity--these instructional materials related specifically to an instructional system having measures of competence for individual entrepreneurs and measures of capability for the curricula and related teaching approach.
4. To create model legislation and state-plan language for entrepreneurial training to implement the refinement and advocacy of such statutes and regulations.

The following activities will be conducted during the course of the project:

1. Conduct one-day fly-in conference for state education department administrators of vocational education from all states, to define the small business management education program for adults and to acquaint them with the needed support services and the needed interaction among existing state institutions.

2. Conduct a two-day fly-in conference for college personnel who will ultimately be responsible for a share of program implementation.

3. Conduct a two-week workshop for local school agency instructional personnel who have been identified by state departments and college staffs as having responsibility for sharing program implementation and coordination.

4. Participate in national meetings of ths S. B. A., OMBE and other groups associated with entrepreneurship to facilitate cooperative activity.

5. Maintain liaison through consultation with states and agencies who have implemented Small Business Management programs for adults.

While it is not anticipated there will be a wholesale adoption of the Small Business Management Program in other states, one might expect a large number of states to begin with one or two programs.

APPENDIX A

COST STUDY OF ADULT SBM PROGRAMS FOR THOSE SCHOOLS EMPLOYING FULL-TIME INSTRUCTORS IN REGULAR SMALL BUSINESS MANAGEMENT EDUCATION PROGRAMS.

COST STUDY OF ADULT SBM PROGRAMS FOR THOSE SCHOOLS EMPLOYING FULL TIME INSTRUCTORS IN REGULAR SMALL BUSINESS MANAGEMENT EDUCATION PROGRAMS

Costs

Direct Program Costs

	1975-75	1975-76
A. Regularly Certified Adult Small Business Management Instructors		
1. Salary		
2. Payroll Taxes		
3. Fringe Benefits		
4. Combined Travel & Subsistence		
B. Teacher Aids/Supplementary Instructors/Substitutes		
5. Salary		
6. Payroll Taxes		
7. Fringe Benefits		
C. Direct Clerical Support for Adult SBM Instructors		
8. Salary		
9. Payroll Taxes		
10. Fringe Benefits		
D. Office Expenses*		
11. (240.8) General Office Supplies		
E. Instruction Material & Supplies		
12. (220.8) Textbooks		
13. (240.1) General Instructional Supplies		
14. (240.265) Special Departmental Supplies		
15. (240.8) Miscellaneous Supplies for Instruction		

* General Accounting Code Numbers normally used in Uniform School Accounting are enclosed in parentheses.

	1974-75	1975-76
F. Instructional Equipment		
16. (730.1) Capital Outlay for Non-Consumable Equipment - Replacement	______	______
17. (1200.0) Capital Outlay for Non-Consumable Equipment - New	______	______
G. Because the remaining costs will be allocated on the basis of two separate personnel counts, the following counts are requested:		
18. Total Number of School District Employees Reduced to Full Time Equivalents	______	______
19. Total Number of Full Time Employees Assigned to the AVTI or Secondary Vocational Center	______	______
20. Total Number of Full Time Equivalent Instructional Personnel (Teachers, Teacher Aids, Paraprofessionals) Employed in the Unit in Which the Adult SBM Program is Administered	______	______
H. District Costs for Administration		
21. (110) School Board Expense	______	______
22. (120) Contracted Services for Administration	______	______
23. (130) General Administration	______	______
I. Administration Costs for AVTI or Secondary Vocational Center		
24. Contracted Services for Administration	______	______
25. General AVTI Administration	______	______
J. Physical Plant Operation & Maintenance		
26. (600) Plant Operation	______	______
27. (700) Plant Maintenance	______	______

	1974-75	1975-76
K. Miscellaneous Fixed Charges		
28. (820.1) Property Insurance		
29. (820.3) Liability Insurance		
30. (820.4) Surety Bond Premiums		
31. (820.5) Judgments Against Unit		
32. (830) Rent Expense		
33. (840) Interest on Current Loans		
34. (850) Other Fixed Charges		
L. Debt Retirement		
35. (1310-1350) Debt Service for Unit		

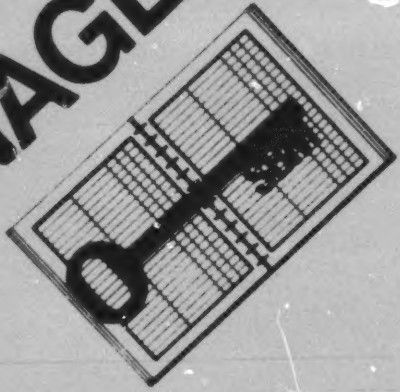
Income

M. Income		
36. Tuition Income		
37. Payment for Supplies & Materials		
28. Payment for Business Analysis & Computerized Depreciation Schedules & Other Specialized Services		

APPENDIX B

SMALL BUSINESS MANAGEMENT ANALYSIS--ANNUAL REPORT

SMALL BUSINESS MANAGEMENT



Annual Report

1975

AN ADULT
EDUCATIONAL
PROGRAM

DATE PROCESSED ____________ BUSINESS NAME ____________

OPERATORS NAME ____________

DATE ____________

YEAR ________ TO ________

TABLE 1. SUMMARY OF BUSINESS INVENTORIES

CODE NO. ____________

475.	GROSS INCOME-SALES AND SERVICES	$ ________
A.	GROSS EXPENSES (NOT INCLUDING OPERATOR LABOR)	$ ________
699.	NET OPERATING INCOME OR PROFIT	$ ________
B.	NUMBER OF WORKERS REQUIRED (ACTUAL) FULL TIME ________ PART TIME ________	
C.	NUMBER OF WORKERS REQUIRED (EQUIVALENT) ________	
D.	NET RETURN PER WORKER EQUIVALENT	$ ________
E.	CAPITAL INVESTMENT PER WORKER EQUIVALENT	$ ________

F.	ASSETS	BEGINNING	ENDING
121.	MERCHANDISE HELD FOR RESALE	$______	$______
181.	BARE LAND	$______	$______
182.	BUILDINGS	$______	$______
184.	EQUIPMENT & FIXTURES	$______	$______
186.	VEHICLES	$______	$______
G.	TOTAL NON-CASH ASSETS	$______	$______

H. INCREASE OR DECREASE IN NON-CASH ASSETS (-) $ ________

DATE PROCESSED ____________ BUSINESS NAME ____________

TABLE 2. INCOME AND EXPENSE STATEMENT

CODE NO. ____________

400.	INCOME	
421.	SALES OF GOODS & SERVICES	______
870.	FAMILY USE OF GOODS & SERVICES	______
A.	TOTAL GOODS & SERVICES	______
749.	SALES OF ASSETS	______
B.	TOTAL OTHER BUSINESS INCOME	______
C.	INCREASE IN NON-CASH ASSETS	______
D.	TOTAL INCOME	______
600.	EXPENDITURES	
521.	MDSE. PURCHASED FOR RESALE	______
609.	PAID FAMILY WAGES	______
610.	SALARIES & WAGES	______
611.	PAYROLL TAXES	______
612.	ADVERTISING	______
613.	HEAT & ELECTRICITY	______
615.	WATER & TELEPHONE	______
617.	INSURANCE	______
619.	REPAIRS & MAINTENANCE - LAND	______
620.	REPAIRS & MAINTENANCE - BUILDINGS	______
621.	REPAIRS & MAINTENANCE - EQUIPMENT & FIXTURES	______
622.	REPAIRS & MAINTENANCE - VEHICLES	______
623.	GAS, OIL & GREASE	______
624.	LEGAL & ACCOUNTING	______
625.	PROPERTY TAXES	______
626.	CONTRIBUTIONS & DONATIONS	______
627.	SHOP & OFFICE EXPENSE	______
629.	ENTERTAINMENT, DUES & TRAVEL	______
631.	LICENSES	______
638.	BAD DEBTS	______
639.	RENT	______
641.	MISCELLANEOUS & OTHER EXPENSES	______
642.	DELIVERY & POSTAGE	______
644.	SELLING EXPENSES	______
645.	EMPLOYEE BENEFITS	______
646.	TRASH & BREAKAGE	______
648.	COLLECTION & BANK CHARGES	______
650.	SUPPLIES	______
E.	TOTAL EXPENSES	______
750.	PURCHASES OF ASSETS	
760.	BARE LAND	______
770.	BUILDINGS	______
780.	EQUIPMENT & FIXTURES	______
790.	VEHICLES	______
F.	DECREASE IN NON-CASH ASSETS	______
G.	INTEREST ON INVESTMENT (6%)	______
062.	UNPAID FAMILY LABOR	______
H.	TOTAL EXPENDITURES	______
RLM.	RETURN TO OPERATORS LABOR & MANAGEMENT	______
CLM.	RETURN TO CAPITAL, FAMILY LABOR & MANAGEMENT	______

DATE PROCESSED ____________________ BUSINESS NAME ____________________

TABLE 2.1 INCOME AND EXPENSE STATEMENT - BUSINESS ONLY

CODE NO. ____________________ BUSINESS YEAR ____________________

400.	INCOME
421.	MERCHANDISE SALES
441.	SECONDARY SALES
460.	CUSTOMER LABOR
461.	OUTSIDE LABOR
462.	INTERNAL LABOR
463.	WARRANTY LABOR
472.	INTERNAL PARTS
473.	WARRANTY PARTS
475.	NET SALES OF GOODS & SERVICES
500.	COST OF GOODS OR SERVICES SOLD
121.	BEGINNING INVENTORY
521.	MDSE. PURCHASED
541.	SECONDARY PURCHASES
550.	FREIGHT IN COSTS
561.	SUBLET LABOR
570.	COST OF LABOR
A.	GOODS OR SERVICES AVAILABLE
121.	ENDING INVENTORY
598.	COST OF GOODS OR SERVICES SOLD
599.	GROSS PROFIT FROM SALES
600.	EXPENSES
609.	PAID FAMILY LABOR
610.	SALARIES & WAGES
611.	PAYROLL TAXES
612.	ADVERTISING
613.	HEAT
614.	ELECTRICITY
615.	WATER
616.	TELEPHONE
617.	INSURANCE
618.	INTEREST
619.	REPAIR & MAINT. - LAND
620.	REPAIR & MAINT. - BUILDINGS
621.	REPAIR & MAINT. - EQUIPMENT & FIX.
622.	REPAIR & MAINT. - VEHICLES
623.	GAS, OIL & GREASE
624.	LEGAL & ACCOUNTING
625.	PROPERTY TAXES
626.	CONTRIBUTIONS & DONATIONS
627.	SHOP EXPENSE
628.	OFFICE EXPENSE
629.	ENTERTAINMENT & PROMOTION
630.	DUES & SUBSCRIPTIONS
631.	LICENSES

DATE PROCESSED ________________ BUSINESS NAME ____________________________

TABLE 2.1 CONTINUED

CODE NO. ________________________ BUSINESS YEAR ____________________________

632.	TRAVEL & CONVENTION		____	
633.	POLICY ADJUSTMENT		____	
635.	DEPRECIATION - BUILDINGS	____		
636.	DEPRECIATION - EQUIP. & FIX.	____		
637.	DEPRECIATION - VEHICLES	____		
634.	DEPRECIATION TOTAL		____	
638.	BAD DEBTS		____	
639.	RENT		____	
640.	CASH SHORT/LONG		____	
641.	MISCELLANEOUS		____	
642.	DELIVERY		____	
643.	POSTAGE		____	
644.	SELLING EXPENSE		____	
645.	EMPLOYEE BENEFITS		____	
646.	TRASH & GARBAGE REMOVAL		____	
647.	BREAKAGE & SPOILAGE		____	
648.	COLLECTION EXPENSE		____	
649.	BANK CHARGES		____	
650.	SUPPLIES		____	
651.	OPEN ACCOUNT		____	
652.	OPEN ACCOUNT		____	
653.	OPEN ACCOUNT		____	
654.	OPEN ACCOUNT		____	
698.	TOTAL EXPENSES & DEDUCTIONS			____
699.	NET OPERATING PROFIT			____
B.	OTHER BUSINESS INCOME			
480.	INTEREST INCOME			____
481.	RENTAL INCOME			____
482.	ROYALTIES INCOME			____
490.	PURCHASE DISCOUNTS			____
491.	VOLUME DISCOUNTS			____
492.	OTHER			____
397.	NET PROFIT			____

SIGNATURE ____

DATE PROCESSED________________ BUSINESS NAME ____________________

2.78

TABLE 3. SUMMARY OF GROSS MARGINS AND NET DECREASE

CODE NO. ____________________

A.	DEPARTMENTAL GROSS MARGINS	
599.01	DEPARTMENT 1	
599.02	DEPARTMENT 2	
599.03	DEPARTMENT 3	
599.04	DEPARTMENT 4	
599.05	DEPARTMENT 5	
599.06	DEPARTMENT 6	
599.07	DEPARTMENT 7	
599.08	DEPARTMENT 8	
599.09	DEPARTMENT 9	
599.10	DEPARTMENT 10	
599.	TOTAL OF DEPARTMENTAL GROSS MARGINS	
480.	OTHER BUSINESS INCOME	
B.	TOTAL RETURNS AND NET INCREASES	
C.	EXPENSES AND NET DECREASES	
181.	LAND	
182.	BUILDINGS	
184.	EQUIPMENT & FIXTURES	
186.	VEHICLES	
605.	LABOR COSTS	
612.	ADVERTISING	
613.	UTILITIES	
617.	INSURANCE	
624.	LEGAL & ACCOUNTING	
625.	TAXES & LICENSES	
626.	CONTRIBUTIONS & DONATIONS	
627.	SHOP & OFFICE EXPENSE	
629.	ENTERTAINMENT, DUES & TRAVEL	
638.	BAD DEBTS	
639.	RENT PAID	
641.	MISCELLANEOUS & OTHER EXPENSES	
642.	DELIVERY & POSTAGE	
644.	SELLING EXPENSE	
646.	TRASH & BREAKAGE	
648.	COLLECTION & BANK CHARGES	
650.	SUPPLIES	
D.	INTEREST ON NON-CASH INVESTMENT (6%)	
E.	TOTAL EXPENSES AND NET DECREASES	
RLM.	RETURN TO OPERATORS LABOR & MANAGEMENT	

DATE PROCESSED__________________ BUSINESS NAME____________________________

TABLE 4. BALANCE SHEET - BUSINESS ONLY

CODE NO.________________________ BUSINESS YEAR____________________________

		(A)	(B)	(C)	(D)
			BEGINNING		ENDING
A.	ASSETS				
100.	CURRENT ASSETS:				
101.	CASH IN BANK				
102.	CASH - PETTY				
109.	ACCOUNTS REC. 0-30				
110.	ACCOUNTS REC. 30-60				
111.	ACCOUNTS REC. 60-90				
112.	ACCOUNTS REC. > 90				
108.	TOTAL A/R				
114.	ALL. FOR BAD DEBTS				
B.	NET A/R				
115.	NOTES RECEIVABLE				
116.	OPEN				
121.	MDSE. INVENTORY				
141.	SECONDARY MDSE. INV.				
161.	PREPAID INSURANCE				
162.	PREPAID TAXES				
163.	OPEN				
179.	TOTAL CURRENT ASSETS				
180.	FIXED ASSETS:		REMAINING VALUE		REMAINING VALUE
181.	BARE LAND				
182.	BUILDINGS				
183.	ACCUM. DEPR. BLDGS				
184.	EQUIP. & FIXTURES				
185.	ACCUM. DEPR.-E & F				
186.	VEHICLES				
187.	ACCUM DEPR-VEHICLES				
190.	TOTAL FIXED ASSETS				
199.	TOTAL ASSETS				

DATE PROCESSED____________ BUSINESS NAME____________

TABLE 4. CONTINUED

CODE NO.____________ BUSINESS YEAR____________

		(A)	(B) BEGINNING	(C)	(D) ENDING
C.	LIABILITIES				
200.	CURRENT LIABILITIES:				
209.	ACCT. PAY. 0-30				
210.	ACCT. PAY. 30-60				
211.	ACCT. PAY. 60-90				
212.	ACCT. PAY. > 90				
208.	TOTAL A/P				
216.	NOTES PAY.-BANK				
217.	NOTES PAY.-OTHER				
218.	ACCRUED INTEREST				
219.	OPEN				
220.	FED. & FICA PAY.				
221.	STATE WITH. PAY.				
222.	FED. UNEMP. PAY.				
223.	STATE UNEMP. PAY.				
224.	STATE SALES TAX PAY.				
225.	PROPERTY TAX PAY.				
226.	OPEN				
250.	TOTAL CURR. LIAB.				
260.	LONG-TERM LIABILITIES:				
261.	MORTGAGE PAY.				
262.	INTERMED. LOANS				
263.	OPEN				
295.	TOTAL LONG-TERM LIAB.				
299.	TOTAL LIABILITIES				
300.	OWNERS EQUITY				
310.	CAPITAL ACCT.-OWNER				
311.	CAPITAL ACCT.-OTHER				
312.	CAPITAL ACCT.-OTHER				
320.	DRAW ACCT.				
321.	FED. & STATE EST. TAX				
396.	SUSPENSE				
397.	NET PROFIT				
379.	TOTAL EQUITY				
390.	TOTAL LIAB. EQUITY				
D.	GAIN OR LOSS IN OWNERS EQUITY				
E.	RATIO - CURRENT ASSETS/CURR. LIAB.				
F.	RATIO - CURRENT LIAB./INVENTORY				
G.	RATIO - FIXED ASSETS/OWNERS EQUITY				
H.	RATIO - LAND & BLDGS/L-T LIAB.				
I.	RATIO - TOTAL ASSETS/TOTAL LIAB.				
J.	RATIO - TOTAL ASSETS/OWNERS EQUITY				
K.	QUICK RATIO-CASH, A/R, ETC./CURR. LIAB.				

SIGNATURE____________

DATE PROCESSED ________________ BUSINESS NAME ________________

TABLE 5. NET WORTH

CODE NO. ________________

A.	BUSINESS ASSETS		
101.	CASH ON HAND & IN BANK (BUSINESS ONLY)		
108.	TOTAL ACCOUNTS RECEIVABLE		
115.	NOTES RECEIVABLE		
121.	MERCHANDISE INVENTORY		
161.	OTHER CURRENT ASSETS		
181.	BARE LAND		
182.	BUILDINGS		
184.	EQUIPMENT & FIXTURES		
186.	VEHICLES		
199.	TOTAL BUSINESS ASSETS		
B.	PERSONAL ASSETS		
C.	LAND & BLDGS.		
D.	OTHER NON-BUSINESS ASSETS		
E.	TOTAL ASSETS		
F.	BUSINESS LIABILITIES		
250.	CURRENT LIABILITIES		
295.	LONG-TERM LIABILITIES		
299.	TOTAL BUSINESS LIABILITIES		
G.	PERSONAL LIABILITIES		
H.	TOTAL LIABILITIES		
I.	TOTAL NET WORTH (BUSINESS & PERSONAL)		
J.	CHANGE IN TOTAL NET WORTH		
RLM.	RETURN TO OPERATORS LABOR & MANAGEMENT		
CLM.	RETURN TO CAPITAL, FAMILY, LABOR & MANAGEMENT		
088.	NON-BUSINESS INCOME		
070.	TOTAL MONEY BORROWED (BUSINESS & PERSONAL)		
074.	TOTAL PAID ON DEBT (PRINCIPAL ONLY-BUSINESS & PERSONAL)		
K.	TOTAL HOUSEHOLD AND PERSONAL CASH EXPENSE		

DATE PROCESSED________________ BUSINESS NAME ________________

TABLE 6. HOUSEHOLD AND PERSONAL EXPENSES

CODE NO. ____________

090.	NUMBER OF PERSONS PER FAMILY	________
095.	ADULT EQUIVALENTS PER FAMILY	________
800.	EXPENSES	
813.	HEAT	$ ________
814.	ELECTRICITY	________
815.	WATER	________
816.	TELEPHONE	________
817.	INSURANCE	________
818.	INTEREST	________
819.	REPAIRS & MAINT. - LAND	________
820.	REPAIRS & MAINT. - BUILDINGS	________
821.	REPAIRS & MAINT. - EQUIPMENT & FURNISHINGS	________
822.	REPAIRS & MAINT. - VEHICLES	________
823.	GAS, OIL & GREASE	________
824.	LEGAL & ACCOUNTING	________
825.	PROPERTY TAXES	________
826.	CONTRIBUTIONS & DONATIONS	________
829.	ENTERTAINMENT	________
830.	DUES & SUBSCRIPTIONS	________
831.	LICENSES	________
832.	TRAVEL & RECREATION	________
839.	RENT	________
841.	MISCELLANEOUS	________
843.	POSTAGE	________
850.	SUPPLIES	________
860.	CHURCH	________
862.	MEDICAL EXPENSES	________
864.	FOOD & MEALS	________
866.	CLOTHING	________
868.	EDUCATION	________
A.	TOTAL CASH LIVING EXPENSES	________
760.	LAND PURCHASED	________
770.	BUILDINGS PURCHASED	________
780.	EQUIPMENT & FURNISHINGS PURCHASED	________
790.	VEHICLES PURCHASED	________
B.	TOTAL HOUSEHOLD AND PERSONAL CASH EXPENSE	________
870.	FAMILY USE OF GOODS & SERVICES	________
C.	TOTAL HOUSEHOLD CASH & NON-CASH EXPENSE	________

DATE PROCESSED________________ BUSINESS NAME__________________________

TABLE 7. MEASURES OF BUSINESS ORGANIZATION AND EFFICIENCY

CODE NO. ____________________

A. BUSINESS SIZE

B. AVERAGE BUSINESS INVESTMENT [(TOTAL ASSETS-BEGINNING + TOTAL ASSETS-END) ÷ 2] $________

C. TOTAL GROSS MARGIN (NET SALES MINUS COST OF GOODS SOLD) ________

D. YEARLY WORKER EQUIVALENT (2000 HOURS PER WORKER) ________

E. LABOR EFFICIENCY

F. GROSS MARGIN PER WORKER (EQUIVALENT) ________

G. TOTAL BUSINESS INVESTMENT PER WORKER (EQUIVALENT) ________

H. OVERHEAD

I. TOTAL EXPENSES ÷ $1000 OF GROSS MARGIN ________

J. TOTAL EXPENSES PER WORKER (EQUIVALENT) ________

K. TURNOVER

L. TOTAL GROSS MARGIN PER $1000 OF AVERAGE BUSINESS INVESTMENT ________

M. INVENTORY TURNOVER (NET SALES ÷ YEAR END INV.) ________

N. CREDIT CONTROL

O. RECEIVABLE TURNOVER (NET SALES ÷ YEAR END A/R) ________

P. COLLECTION PERIOD [YEAR END A/R ÷ (NET SALES ÷ 360)] ________

Q. RATIO ANALYSIS

R. NET OPERATING PROFIT TO NET SALES ________

S. NET SALES TO OWNERS EQUITY ________

T. NET SALES TO AVERAGE INVENTORY ________

U. NET SALES TO WORKING CAPITAL [NET SALES ÷ (YEAR END CURRENT ASSETS MINUS YEAR END CURRENT LIABILITIES)] ________

V. RETURN PER HOUR ON OPERATOR & UNPAID FAMILY LABOR ________

W. RETURN ON BUSINESS INVESTMENT (NET OPERATING PROFIT ÷ AVERAGE BUSINESS INVESTMENT) ________

DATE PROCESSED ____________________

BUSINESS NAME ____________________

DEPARTMENT ____________________

TABLE 9.__ DEPARTMENTAL INCOME AND EXPENSE STATEMENT

CODE NO. ____________________

400.	INCOME
421.	MERCHANDISE SALES
441.	SECONDARY SALES
460.	CUSTOMER LABOR
461.	OUTSIDE LABOR
462.	INTERNAL LABOR
463.	WARRANTY LABOR
472.	INTERNAL PARTS
473.	WARRANTY PARTS
475.	NET SALES OF GOODS & SERVICES
500.	COST OF GOODS OR SERVICES SOLD
121.	BEGINNING INVENTORY
521.	MDSE. PURCHASED
541.	SECONDARY PURCHASES
550.	FREIGHT-IN COSTS
561.	SUBLET LABOR
570.	COST OF LABOR
A.	GOODS OR SERVICES AVAILABLE
121.	ENDING INVENTORY
598.	COST OF GOODS OR SERVICES SOLD
599.	GROSS PROFIT FROM SALES
600.	EXPENSES
609.	PAID FAMILY LABOR
610.	SALARIES & WAGES
611.	PAYROLL TAXES
612.	ADVERTISING
613.	HEAT
614.	ELECTRICITY
615.	WATER
616.	TELEPHONE
617.	INSURANCE
618.	INTEREST
619.	REPAIR & MAINT. - LAND
620.	REPAIR & MAINT. - BUILDINGS
621.	REPAIR & MAINT. - EQUIPMENT & FIX.
622.	REPAIR & MAINT. - VEHICLES
623.	GAS, OIL & GREASE
624.	LEGAL & ACCOUNTING
625.	PROPERTY TAXES
626.	CONTRIBUTIONS & DONATIONS
627.	SHOP EXPENSE
628.	OFFICE EXPENSE
629.	ENTERTAINMENT & PROMOTION
630.	DUES & SUBCRIPTIONS
631.	LICENSES

DATE PROCESSED ____________ BUSINESS NAME ____________

DEPARTMENT ____________

TABLE 9.__ CONTINUED

CODE NO. ____________

632.	TRAVEL & CONVENTION		______	
633.	POLICY ADJUSTMENT		______	
635.	DEPRECIATION - BUILDINGS	______		
636.	DEPRECIATION - EQUIP. & FIX.	______		
637.	DEPRECIATION - VEHICLES	______		
634.	DEPRECIATION TOTAL		______	
638.	BAD DEBTS		______	
639.	RENT		______	
640.	CASH SHORT/LONG		______	
641.	MISCELLANEOUS		______	
642.	DELIVERY		______	
643.	POSTAGE		______	
644.	SELLING EXPENSE		______	
645.	EMPLOYEE BENEFITS		______	
646.	TRASH & GARBAGE REMOVAL		______	
647.	BREAKAGE & SPOILAGE		______	
648.	COLLECTION EXPENSE		______	
649.	BANK CHARGES		______	
650.	SUPPLIES		______	
651.	OPEN ACCOUNT		______	
652.	OPEN ACCOUNT		______	
653.	OPEN ACCOUNT		______	
654.	OPEN ACCOUNT		______	
698.	TOTAL EXPENSES & DEDUCTIONS			______
699.	NET OPERATING PROFIT			______
B.	OTHER BUSINESS INCOME			
480.	INTEREST INCOME			______
481.	RENTAL INCOME			______
482.	ROYALTIES INCOME			______
490.	PURCHASE DISCOUNTS			______
491.	VOLUME DISCOUNTS			______
492.	OTHER			______
397.	NET PROFIT			______
C.	SUPPLEMENTARY MANAGEMENT INFORMATION			
D.	TOTAL HOURS OF LABOR REQUIRED			______
E.	TOTAL INVESTMENT REQUIRED			______
F.	DEPARTMENTAL PROFIT PER WORKER UNIT			______
G.	DEPARTMENTAL PROFIT PER $1000 INVESTED			______
H.	DEPARTMENTAL PROFIT PER $100 OF TOTAL COST			______
I.	RATIO OF NET PROFIT TO NET SALES			______

APPENDIX C

NORPER TEST ON PROFIT MAXIMIZING PRINCIPLES FOR SMALL BUSINESS.

NORPER TEST ON PROFIT MAXIMIZING PRINCIPLES FOR SMALL BUSINESS[1]

University of Minnesota
Division of Agricultural Education

Indicate the best answer by placing the corresponding letter in the space provided.

____1. The merchant is told he can obtain an increase in his total sales by spending an additional $50 per week in advertising. He thinks this would be good so he spends an additional $100 per week in advertising. Which of the following is most likely to occur?
a. Weekly sales will be doubled.
b. Weekly sales will remain the same.
c. Weekly sales will increase but not double.
d. Weekly sales will decrease.

____2. A wholesaler is able to sell 70 refrigerator units per week with his present staff and advertising campaign. By increasing one factor--the number of over-the-road salesmen--he will increase his sales. He can sell an additional 12 units by adding one salesman; adding a second salesman would increase sales by 6 more units; and a third salesman could be expected to increase sales by still two more units. If refrigerator units clear a profit above costs (not including sales costs) of $40 per unit and sales costs including salary are $200 per week per man, how many salesmen should be employed?
a. No additional salesmen
b. One salesman
c. Two salesmen
d. Three salesmen

____3. Purchasing a larger piece of equipment in order to reduce the cost required to complete a particular operation is feasible if:
a. a savings in labor is less than the cost of owning the larger machine.
b. there is sufficient capital available.
c. the savings in labor is equal to the cost of owning the larger machine.
d. the value of labor saved is greater than the cost of owning the larger machine.

____4. Up to digging time, a nurseryman has spent $400 in a shrub plot for labor, plants, chemicals and machine costs on his juniper shrub nursery. Competition from a local chain nursery has reduced the price he can expect to receive and a severe drought has reduced the number of harvestable shrubs. He has an anticipated price of $3.00/shrub and an anticipated yield of only 100 shrubs. Assuming that the crop of shrubs can be harvested and sold for a cost of $100, the nursery man should:
a. Assume his loss of the crop and leave the shrubs in the field.
b. harvest the shrub crop and sell through normal channels.
c. sell the shrubs in the field to a wholesaler (buyer responsible for the harvest) for $150.
d. offer a dig-your-own sale at $1.75/shrub.

---

[1] Adapted from McCormick's Test of Profit Maximizing Principles.

____5. Assuming a businessman with limited capital can get $4.00 return for each $1.00 invested in new display equipment, he should invest his limited capital in some other part of the business (in a new bookkeeping system, for example) if:

a. net profit in the business will be increased.
b. investments in a new bookkeeping system returns at least $4.00 for each $1.00 of added costs.
c. investment in a new bookkeeping system returns more to net profit than investment in display equipment.
d. investment in the new bookkeeping system increases sales, improves credit collections and adds to gross income.

____6. The U-Drive-It auto rental is considering expansion. The total costs and returns from adding cars to its operation have been calculated as follows:

Additional Cars	Cost Of Each Added Auto	Total Return
0	$ 0	$40,000
1	3,000	48,000
2	3,000	54,000
3	3,000	59,000
4	3,000	63,500
5	3,000	66,500
6	3,000	67,000

How many autos should U-Drive-It add to get the highest net profit?

a. 2
b. 3
c. 4
d. 5
e. 6

____7. Assume that 100# of fertilizer for your garden store can be produced by either 60# of ingredient A and 40# of ingredient B, or 50# of ingredient A and 50# of ingredient C. Which item(s) should you consider before making a decision to mix the fertilizer?

a. The price of A and B per pound
b. The price of B and C per pound
c. The market price of the mixed fertilizer
d. The price of A, B and C per pound

____8. Referring to fixed costs such as insurance and taxes and variable costs such as utilities and maintenance as they relate to the business enterprise, which costs must be paid by the owner even if no business is transacted?

a. Both variable and fixed costs
b. Variable costs
c. Fixed costs
d. Neither variable nor fixed costs

____ 9. If the last unit of a supply of a commodity gave as much want satisfaction as the first unit acquired, there would be no:

a. demand.
b. need for a budget.
c. law of diminishing utility.
d. primary physical wants.

____10. Based on the table below, what should a businessman with $1000 capital to invest in his hardware store invest the most in?

Return/$100 Investment

Capital	Bonds	Buildings	Service Equip.	Display Equip.
1st $100	$106	$155	$158	$170
2nd $100	106	148	143	160
3rd $100	106	136	139	151
4th $100	106	115	135	140
5th $100	106	100	130	136

a. Bonds
b. Buildings
c. Service equipment
d. Display equipment

____11. In analyzing the business, depreciation should be considered as:
a. a variable cost.
b. a fixed cost.
c. an opportunity cost.
d. an operating cost.

____12. In the long run (usually 15-20 years), all costs encountered in operating a business become:
a. variable costs.
b. fixed costs.
c. submarginal.
d. capital costs.

____13. With limited capital, a business operator would tend to invest his available capital in:
a. long-term building improvements.
b. quick turnover operations.
c. new equipment.
d. labor-saving equipment.

____14. With a capital investment of $5,000 an owner-operator could install an automatic electrical system for controlling lighting, security and intercom. It is estimated that this system would save approximately 300 hours of labor per year. In order for the owner-operator to make a sound decision on whether or not to invest in this system, what would he need to consider?
a. The possible return on the $5,000 if invested elsewhere in the business
b. Whether the labor saved could be profitably utilized elsewhere in the business
c. The annual fixed and variable costs for operating and maintaining the new system
d. All of the above

____15. A small tool manufacturer has an average fixed cost of $80/year for each machine in his plant. Assuming that the variable cost required to produce each marketable tool set remains the same, if the owner increases the annual output for each machine, he will:
a. lower the per unit cost of producing each tool set.
b. increase the per unit cost of producing each tool set.
c. not affect the per unit cost of producing each tool set.
d. decrease the variable costs per tool set.

____16. A supplementary business activity or enterprise such as a storm window repair service in a lumber yard:
a. competes with another enterprise or activity but adds directly to the output of that enterprise.
b. competes with the other enterprises without adding to their productivity.
c. adds directly to the productivity of another enterprise.
d neither competes with nor adds to the production of another enterprise, yet increases business income.

____17. Whether or not a gravel pit operator should adopt a pit conserving plan requiring an immediate large outlay of capital in order to insure a higher income in five years will depend upon:
a. the present need for income.
b. the current rate of interest on borrowed money.
c. the potential for increasing his pit output.
d. all of the above.

____18. When a businessman increases his investment in buildings and equipment without increasing the volume of business, the cost per unit of sales:
a. decreases.
b. increases.
c. remains the same.
d. varies with the size of the operation.

____19. Based on the table below, if a businesswoman has $400 to invest in the present beauty salon business, how much should she invest in hair-styling equipment for maximum net income?

	Return to Investment		
Capital	Hair Styling Equip.	Front Window Display	Beauty Aids/Suppl.
1st $100	$158	$155	$170
2nd $100	143	148	160
3rd $100	139	136	151
4th $100	135	115	140

a. $100
b. $200
c. $300
d. $400

____20. Competing enterprises are those which compete with one another for the use of a businessman's resources: if one enterprise is increased, the other enterprises decrease. Therefore, all enterprises:
a. become competitive at some point.
b. never become completely competitive.
c. become helpful to each other at some point.
d. should be considered as separate business ventures.

____21. A small sawmill operator has a 25 acre woodlot with a good stand of young trees that have a high potential market value in 10 years. To ensure optimum growth, a one-time capital investment of $20/acre is required to improve the woodlot. Which of the following kinds of operators should invest the necessary capital in this enterprise?
a. An elderly operator with ample capital
b. A fairly young operator with ample capital
c. An operator with other investments which will pay a 10% annual return
d. a young operator with need for a quick return

____22. To secure maximum profit in his business through increased sales, the business owner should add sales personnel until the cost of the additional sales personnel is:
a. greater than the net profit on increased sales.
b. less than the net profit on increased sales.
c. equal to the value of the net profit on increased sales.
d. one-half the value of the net profit on increased sales.

____23. If one hour of machine accounting time will substitute for 1.2 hours of manual accounting of equal efficiency, and if machine accounting is available for $5.20/hour while manual accounting costs $4.00/hour, the businessman who wishes to make the largest net income should:
a. do 68% of his accounting by machine and 32% manually.
b. use only machine accounting.
c. use 20% machine accounting and 80% manual accounting.
d. use only manual accounting.

____24. A businessman's profit will be greatest if each unit of land, labor and capital is used:
a. in such a manner that it will add most to gross business income.
b. on the departments or enterprises within the business in which the operator has the greatest interest or ability.
c. in a manner that will make the best use of his management ability.
d. to maximize the net returns to the scarcest resource.

____25. An innovative practice for increasing the business of a photography shop has been demonstrated in a similar nearby community. The practise should be adopted in your photography shop if:
a. it will improve the quality of your product.
b. it will increase the business volume of the store.
c. it will increase receipts more than expenses.
d. it will bring more customers to your shop.

____26. For maximum net returns, a small manufacturer should substitute machinery for labor when:
a. the annual cost of machine use is equal to the cost of the labor saved.
b. the value of the labor saved is more than the annual cost of machine use.
c. there is a limited supply of labor.
d. the added machines will increase labor efficiency.

____27. It is profitable to borrow money to expand a business when:
a. returns are greater than the cost of borrowing money.
b. money can be secured at a low interest rate.
c. the efficiency of the business will be improved.
d. the borrowed money will increase the volume of business.

____28. Assuming that a businessman is managing his business competently, the last dollar spent on a factor of production such as labor, machinery, management assistance, etc., will yield a marginal or added return:
a. greater than the last dollar earned from all other factors of the business.
b. exactly equal to the last dollar earned from all other factors.
c. less than the last dollar earned from all other factors of the business.
d. at least twice as large as the last dollar earned from all other factors.

____29. As the supply of goods and services becomes less readily available on the open market, we can expect:
a. prices to become fixed.
b. no change in price at all.
c. an increase in price.
d. a decline in price.

____30. The social funtion of the business firm is to:
a. organize the factors of production.
b. supply labor.
c. secure an equitable distribution of goods.
d. make a profit.

____31. To be successful, every producer of a good must attempt to:
a. adjust to demand.
b. eliminate competition.
c. raise salaries.
d. reduce wants.

____32. Other things being equal, an increase in the price of a good will increase its:
a. supply.
b. demand.
c. mark-up.
d. utility.

____33. Combining enterprises within the business to reduce uncertainty is advantageous, particularly for:
a. the beginning businessman with ample capital.
b. an owner-operator with unlimited capital.
c. an owner-operator with limited capital.
d. the businessman who fails to show a continuous profit.

____34. For a society to be prosperous, an ample supply of economic goods must:
a. be fairly distributed.
b. be hoarded.
c. be sold at a profit.
d. have value.

____35. By diversifying enterprises within the business rather than specializing in one major enterprise, the owner-operator will:
a. reduce risk and uncertainty.
b. decrease annual labor efficiency.
c. facilitate the use of more labor-saving devices.
d. concentrate sales knowledge.

____36. The principle of diminishing utility helps to explain:
a. the law of supply.
b. the law of demand.
c. variable costs.
d. fixed costs.

____37. Bigness is least likely to be an advantage in a business in which:
a. fixed costs are greater than variable costs.
b. there are many by-products to be utilized.
c. men can be replaced by machines.
d. additional machines do not reduce unit costs.

____38. Which of these are always brought together in a market?
- a. Consumers and producers
- b. Debtors and creditors
- c. Buyers and sellers
- d. Middlemen and original producers

____39. With limited capital, a business operator would tend to invest his available capital in:
- a. long-term building improvements.
- b. quick turnover operations.
- c. new machinery or equipment.
- d. labor-saving devices.

____40. Bick's Body Shop invested $800 in additional labor from which they received a marginal return of $200. They could have invested in advertising which would have yielded a marginal return of $400 or in new equipment which would have yielded a marginal return of $300. What was the opportunity cost of investing the $800 in labor?
- a. $800
- b. $1000
- c. $1100
- d. $1200

APPENDIX D

SPANISH TRANSLATION OF NORPER TEST ON PROFIT MAXIMIZING PRINCIPLES FOR SMALL BUSINESS.

Adult Continuing Education

ACE

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT / 1809 East Grant St / Brownsville, Texas 78520

ARTURO A. McDONALD
DIRECTOR

Exámen Norper en Principios Para
Maximar Ganancias Para Negocios Pequeños
La Universidad de Minnesota
Departamento de Educación Agrícola

Direcciones: Después de leer las preguntas a fondo, indique su respuesta poniendo la letra correspondiente en el espacio proveído a la Izquierda.

______1. Le dicen a un comerciante que puede obtener un aumento en sus ventas totales gastando $50 dólares adicionales por semana en anuncios. El piensa que ésto sería bueno así que gasta $100 dólares adicionales por semana en anuncios. Cuál de los siguiente resultados es más probable que ocurra.
   a. Ventas semanarias se duplicarán.
   b. Ventas semanarias se quedarán igual.
   c. Ventas semanarias aumentarán, pero no se duplicarán.
   d. Ventas semanarias se disminuirán.

______2. Un mayorista puede vender 70 refrigeradores por semana con su presente consejo administrativo y campaña de anuncios. Cambiando solamente un elemento --el número de agentes viajeros --él aumentará sus ventas. Puede vender 12 refrigeradores adicionales agregando un vendedor; agregando un segundo vendedor puede aumentar ventas por 6 más refrigeradores; y se puede esperar que un tercer vendedor puede aumentar ventas por 2 más refrigeradores. Si refrigeradores sacan una ganancia arriba de los costos (no incluyendo costos de venta) de $40 dólares por refrigerador y los costos de venta incluyendo salarios son $200 dolares por semana por hombre, cuántos vendedores deben emplearse?
   a. Ningun vendedor adicional.
   b. Un vendedor
   c. Dos vendedores
   d. Tres vendedores

______3. Comprando un pedaso más largo de equipo para reducir el costo requerido para terminar una maniobra particular es posible si:
   a. el ahorro en trabajo es menos que el costo de tener una máquina más grande.
   b. hay suficiente capital disponible.
   c. el ahorro en trabajo es igual al costo de tener una máquina más grande.
   d. el valor de trabajo ahorrado es más grande que el costo de tener la maquina más grande.

_____4. Hasta al tiempo de desenterrar, el dueño de una almáciga ha gastado $400 dólares en trabajo en una placela de arbustos, en plantas, químicos, y costos de máquinas en la almáciga de arbustos enebrales. La competencia de una almáciga sucursal local ha reducido el precio que él espera recibir y una sequía severa ha reducido el número de arbustos que se pueden cosechar. Él tiene un precio anticipado de $3.00 por cada arbusto y rendimiento anticipado de sólo 100 arbustos. Dando por supuesto que los arbustos pueden cosecharse y venderse por un costo de $100 dólares, el dueño de la almáciga debe:

a. asumir su pérdida de la cosecha y dejar los arbustos en el campo.
b. cosechar los arbustos y venderlos por quías normales.
c. vender los arbustos en el campo a un mayorista (comprador responsable por la cosecha) por $150 dolares.
d. ofrecer una venta donde el comprador saca su propio arbusto por $1.75.

_____5. Dando por supuesto que un hombre de negocios con una capital limitada saca una recompensa de $4.00 por cada $1.00 invertido en nuevo equipo de exhibición, él debe invertir su capital limitada en alguna otra parte del negocio (en un nuevo sistema de contabilidad, por ejemplo) si:

a. La ganancia neta en el negocio aumenta.
b. en inversiones en un sistema de contabilidad saca al menos una recompensa de $4.00 por cada $1.00 de costos agregados.
c. inversion en un nuevo sistema de contabilidad produce más ganancia neta que inversion en equipo de exhibición.
d. inversion en el nuevo sistema de contabilidad aumenta ventas, mejora colecciones de crédito y aumenta la renta total.

_____6. El arrendamiento de autos "U-Drive-It" está considerando una expansion. Los costos totales y recompensad por agregar autos a la manisbra han sido calculados como sigue:

Autos Adicionales	Costo de Cada Auto Agregado	Recompensa Total
0	$ 0	$40,000
1	3,000	48,000
2	3,000	54,000
3	3,000	59,000
4	3,000	63,500
5	3,000	66,500
6	3,000	67,000

Cuántos autos debe agregar este arrendamiento de autos para sacar la ganancia neta más alta?

a. 2 autos.
b. 3 autos.
c. 4 autos.
d. 5 autos.
e. 6 autos.

_____7. Dando por supuesto que 100# libras de abono para su tienda donde vende productos para el jardín puede ser producido con ya sea 60 libras de ingrediente A y 40 libras de ingrediente B o 50 libras de ingrediente A y 50 libras de ingrediente C. Cuál artículo (s) debe usted considerar antes de hacer la decisión de mezclar el abono para su cliente?

a. El precio de A y B por libra.
b. El precio de B y C por libra.
c. El precio corriente del abono mezclado.
d. El precio de A,B,y C por libra.

______8. Referiendose a los costos fijos tal como seguro y impuestos, y costos variables tal como utilidades y mantenimiento según se relacionan con la empresa de negocio, cuáles de los costos siguientes deben ser pagados por el dueño aun cuando no se tramite ningún negocio?
a. Ambos costos variables y fijos.
b. Costos variables
c. Costos fijos
d. Ni costos variables ni costos fijos.

______9. Si la última unidad de una mercancía diera tanta satisfacción de carencia como la primera unidad adquirió, no hubiera:
a. solicitud
b. necesidad para un presupuesto
c. ley donde la utilidad disminue
d. primarios deseos físicos.

Recompensa por $100 Inversión

______10.

Capital	Bonos	Edificios	Equipo de servicio	Equipo de Exhibición
1o $100	$106	$155	$158	$170
2o $100	106	148	143	160
3o $100	106	136	139	151
4o $100	106	115	135	140
5o $100	106	100	130	136

Según esta tabla, un hombre de negocios con $1000 de capital para invertir en su ferreteria debe invertir la mayor parte en:
a. bonos.
b. edificios
c. equipo de servicio
d. equipo de exhibición

______11. En analizar el negocio, depreciacion debe considerarse como:
a. un costo variable
b. costo fijo
c. un costo de opórtunidad
d. un costo de manejo

______12. A la larga (generalmente 15-20 años), todos los costos encontrados en manejar un negocio llegan a ser:
a. costos variables
b. costos fijos
c. submarginal
d. costos capitales

______13. Con un capital limitado, un operario de negocio invirtiera su capital disponible en:
a. mejoramiento de edificio de largo plazo.
b. pronto movimiento de mercancías
c. nuevo equipo
d. equipo que ahorra labor

_____14. Con una inversión de capital de $5,000 un dueño-operavio puede instalar un sistema automático eléctrico para regular la luz, el resguardo, y la intercomunicación. Se estima que este sistema aborraría aproximadamente 300 horas de labor por año. Para que el dueño-operario haga una sólida decisión ya sea en invertir o no en este sistema, él necesitaría considerar cuál de los siguientes?

a. La recompensa posible en los $5,000 si se invierten en otra parte del negocio.
b. Si el trabajo ahorrado puede ser provechosamente utilizado en otra parte del negocio.
c. Los costos fijos y variables anuales para manejar y mantener el sistema nuevo.
d. todo lo mencionado

_____15. Un fabricante de herramientos pequeños tiene un costo fijo ordinario de $80.00 por año por cada máquina en su fábrica. Dando por supuesto que se queda igual el costo variable requerido para producir cada colección de herramientos que se pueda vender, si el dueño aumenta el rendimiento anual por cada máquina él:
a. Bajará él costo por unidad de producir cada colección de herramientos.
b. Aumentara el costo por unidad de producir cada colección de herramiento.
c. No afectará el costo por unidad de producir cada colección de herramientos.
d. Disminuirá los costos variables por cada colección de herramientos.

_____16. Una actividad o empresa de negocios suplemental tal como un servicio de reparar ventanas en un depósito de madera:
a. Compite con otra empresa o actividad pero aumenta directamente la producción total de esa empresa.
b. Compite con las otras empresas sin aumentar su producción.
c. aumenta directamente a la producción de otra empresa
d. Ni compite con ni aumenta a la producción de otra empresa, aún aumenta rentas de negocios.

_____17. Ya sea que un operario de hoyos de grava adopte un plan de conservar hoyos requeriendo un grande y imediato gasto de capital para asegurar más altas entradas de dinero en cinco años o no depende en:
a. La necesidad presente de rentas.
b. Los intereses prevalecientes en dinero prestado
c. La potencial de aumentar su producción total.
d. Todo lo mencionado

_____18. Cuando un hombre de negocios aumenta su inversión en edificios y equipo sin aumentar el volumen de negocio, el costo por unidad de ventas:
a. rebaja
b. aumenta
c. se queda igual
d. varea con el tamaño de la maniobra.

______19. Recompensas a Inversión

Capital	Equipo Para Peinar el Pelo	Exhibición de Vitrina	Artículos de belleza, Surtidos
1o $100	$158	$155	$170
2o $100	143	148	160
3o $100	139	136	151
4o $100	135	115	140

Según esta tabla, si una mujer de negocios tiene $400 para invertir en el negocio de salón de belleza presente, cuánto debe invertir en equipo para peinar el pelo para máxima renta neta?

a. $100
b. $200
c. $300
d. $400

______20. Empresas competentes son aquellas que compiten una con las otras por el uso de los recursos del hombre de negocios. Si una empresa se aumenta, las otras empresas se disminuen; por lo tanto, todos las empresas:

a. se ponen en competencia a cierto punto
b. nunca se ponen completamente en competencia
c. a cierto punto se ayudan unos a los otros
d. deben considerarse como especulaciones separados.

______21. Un operario de un pequeño aserradero tiene una porción de terreno arbolado de 25 acres. Son árboles tiernos que tendrán un alto valor corriente en 10 años. Para asegurar crecimiento mayor, una inversión de capital de $20 por acre se requiere para mejorar la porción de terreno arbolado. Cuál de las siguientes clases de operarios deben invertir la capital necesaria en esta empresa?

a. un operario anciano con amplia capital.
b. un operario joven con amplia capital.
c. un operario con otras inversiones que pagarán una gananciá anual de 10 porciento.
d. un operario joven con necesidad de una gananciá rápida.

______22. Para asegurar una ganancia máxima en su negocio por aumentadas ventas, un dueño de negocio debe agregar personal de ventas hasta que el costo de este personal de ventas adicional sea:

a. mayor que la ganancia neta en ventas aumentadas.
b. menos que la ganancia neta en ventas aumentadas.
c. igual al valor de la ganancia neta en ventas aumentadas.
d. mitad del valor de la ganancia neta en ventas aumentadas.

______23. Si una hora de contabilidad hecha a máquina reemplazará 1 hora 20 minutos de contabilidad manual de eficiencia igual y si la contabilidad hecha a maquina está obtenible por $5.20 por hora mientras que la contabilidad manual cuesta $4.00 por hora, un hombre de negocios quien desea hacer la más grande renta neta debe:

a. hacer 68% de su contabilidad a máquina y 32% manualmente.
b. usar solamente contabilidad hecha a máquina.
c. usar 20% de contabilidad hecha a máquina y 80% de contabilidad manual.
d. usar solamente contabilidad manual.

______24. La ganancia de un hombre de negocios será mayor si cada unidad de terreno, trabajo y capital es usada:
a. en tal manera que agregará más a la renta total de negocio.
b. en los departamentos o empresos dentro del negocio en cuales el operario tiene el mayor interés o abilidad.
c. en tal manera que hará el mejor uso de su abilidad de manejo.
d. en tal manera que dará máxima recompensa neta a su recurso más escaso.

______25. Una práctica innovativa para aumentar el negócio de un salón de fotografía ha sido demostrada en una semejante comunidad cercana. La práctica debe adoptarse en su salón de fotografía di:
a. mejorará la cualidad de su producto.
b. aumentará el volumen de negocio de la tienda.
c. aumentará los ingresos más que los gastos.
d. traerá más clientes a su negocio.

______26. Para máximas ganancias netas, un pequeño fabricante debe reemplazar maquinaria por labor cuando:
a. el costo anual por usar una máquina es igual al costo del trabajo ahorrado.
b. el valor del trabajo ahorrado es más que el costo anual por usar una máquina.
c. hay un abasto limitado de labor.
d. las máquinas agregadas aumentarán la eficiencia de labor.

______27. Es provechoso pedir dinero prestado para agrandecer un negocio cuando:
a. ganancias son más que el costo de pedir dinero prestado.
b. el dinero se puede obtener con bajos intereses
c. la eficiencia del negocio mejorará
d. el dinero prestado aumentará el columen del negocio.

______28. Dando por supuesto que un hombre de negocios está manegando su negocio competentemente, el último dólar gastado en un elemento de producción tal como labor, maquinaria, manejo, asistencia, etc., rendirá una ganancia marginal o agregada:
a. mayor que el último dólar logrado de otros elementos de negocio.
b. exactamente igual al último dólar logrado de otros elementos del negocio.
c. menos que el último dólar logrado de otros elementos del negocio.
d. al menos dos veces más grande que el último dólar logrado de todos los elementos del negocio.

______29. Mientras que el abasto de mercancías y servicios se hacen menos fácilmente obtenibles en el mercado libre, podemos esperar:
a. precios fijos
b. ningún cambio en precio.
c. un aumento en precio.
d. una baja en precio.

______30. La función social de una compañía de negocio es:
a. organizar los elementos de producción.
b. proveer trabajo
c. asegurar una distribución equitativa de bienes.
d. hacer una ganancia.

______31. Para tener buen éxito, todo productor de una mercancía debe tratar de:
a. acomodarse a la demanda.
b. eliminar la competencia.
c. subir salarios.
d. reducir carencias.

______32. Otras cosas siendo iguales, un aumento en el precio de una mercancía aumentará su:
a. abasto
b. demanda
c. precio arriba de costo
d. utilidad

______33. Combinando empresas dentro del negocio para reducir incertidumbre es ventajoso, particularmente para:
a. el comerciante que va empezando con amplia capital.
b. el dueño-operario con capital ilimitada
c. el dueño-operario con capital limitada
d. el comerciante quien deja de demostrar ganancia contínua.

______34. Para que una sociedad sea próspera, un amplio abasto de bienes económicos deben:
a. ser distribuidos justamente
b. ser guardados
c. ser vendidos provechosamente.
d. tener valor

______35. Diversificando empresas dentro del negocio más bien que especializándose en una empresa mayor. el dueño-operario:
a. reducirá riesgo y incertidumbre.
b. bajará la eficiencia de labor anual.
c. facilitará el uso de más mecanismo para ahorrar trabajo.
d. reconcentrará conocimiento de ventas

______36. El fundamento de la ley donde la utilidad disminue ayuda explicar:
a. la ley de abasto
b. la ley de demanda
c. costos variables
d. costos fijos

______37. Grandeza es menos probable ser una ventaja en un negocio en el cual:
a. costos fijos son mayores que costos variables
b. hoy muchos productos secundarios que utilizan.
c. hombres pueden reemplazarse por máquinas.
d. máquinas adicionales no reducen costos de unidad.

______38. Cuáles de éstos siempre se juntan en un mercado.
a. consumedores y productores
b. deudores y acreedores
c. compradores y vendedores
d. revendedores y productores originales

______39. Con capital limitada, un operario de negocio invirtiría su capital obtenible en:
a. mejoiamientos de edificios de largos términos
b. pronto movimiento de mercancías.
c. máquinas o equipo nuevo
d. mecanismo para ahorrar trabajo.

______40. Bick's Body Shop invertió $800 en trabajo adicional del cual ellos recibierón una ganancia marginal de $200. Ellos podrían haber invertido en anuncios que hubieran rendido una ganancia marginal de $400 o en equipo nuevo que hubiera rendido una ganancia marginal de $300. Cuál fué el costos de oportunidad invertiendo los $800 en trabajo?

a. $800
b. $1000
c. $1100
d. $1200

APPENDIX E

BUSINESS ATTITUDINAL INVENTORY.

BUSINESS ATTITUDINAL INVENTORY

For each statement, place a check (✓) in the column that best reflects your attitude. Please answer all items. This is a measure of attitudes. There are no "right" or "wrong" answers.

SA Strongly agree
A Agree
U Undecided
D Disagree
SD Strongly disagree

Examples

		SA	A	U	D	SD
A.	Profits are necessary to a business enterprise.	✓				
B.	Business exists with the philosophy that the customer is always right.				✓	

* * * * *

		SA	A	U	D	SD
1.	To be successful in business, education is a necessity.					
2.	An individual goes into business for himself to make money, not as an incentive to better the business world.					
3.	I am in favor of governmental intervention in business operations.					
4.	Today's education is meeting the needs of students.					
5.	Most local school systems are adequately administered.					
6.	The goal of education should be to teach to the individual needs of the students.					
7.	Quality education should be free to all who want it.					
8.	The life style adopted by an individual depends entirely upon how much education he/she has acquired.					
9.	More adult education should be provided for owners of small businesses.					
10.	Entrepreneural talent has nothing to do with the success of managing a small business.					
11.	The more education a man has, the better he is able to enjoy life.					
12.	I am very satisfied with the schools in my community.					
13.	Consolidation is a good idea because larger schools offer a greater variety of subjects.					
14.	The buildings in our local school system are in need of improvement.					
15.	Tax money should be used to pay the tuition for college students who cannot afford to go to college otherwise.					

	SA	A	U	D	SD
16. The costs of higher education should be paid by students according to the ability of the student and his family to pay.					
17. Educational goals should be determined by children's interests.					
18. Consolidation is a poor idea because classes get too large and the students get less personal attention.					
19. I respect a man with a college education.					
20. A college education for a businessman costs more than it is worth.					
21. Teachers are definitely underpaid.					
22. School training is of little help in facing the real problems of life.					
23. Consolidation is a poor idea because small schools provide better education.					
24. High schools should concentrate on preparing people for college.					
25. Good adult business classes are worth many days, weeks or years of actual business experience.					
26. Parents should be willing to let their children go into debt for more education.					
27. Education should be compulsory through 14 grades.					
28. Federal aid to education should be avoided.					
29. Public school teachers are the most important people in the community.					
30. I wish I could have learned more about math and science when I want to school.					
31. Young people are getting too much education.					
32. I wish I could have gone to school for more years than I did.					
33. Our schools encourage an individual to think for himself.					
34. The most important part of a person's education should be obtained through hard work at many tasks in the business.					

	SA	A	U	D	SD
35. An owner can get all the information he needs from business publications.					
36. Parents should be willing to go into debt so their children could have more education.					
37. Bigger schools have better teachers and books and more money to keep up with the recent trends in education.					
38. Not finishing high school is a great handicap.					
39. Consolidation is a good idea because it is more economical, with better facilities at less cost.					
40. Consolidation is a good idea because larger schools attract better teachers.					
41. Young managers should have a goal of owning their own business some day.					
42. Bankers are interested in receiving the highest possible interest rates regardless of the effect on business owners.					
43. I like to try new sales promotion ideas.					
44. Betting only on good chances is generally a good policy.					
45. You have to work year round in business in order to succeed.					
46. New ideas in business have to be tempered with the old.					
47. The business owner is more likely to enjoy his work than are most other workers.					
48. It takes more management ability to operate a retail business in the city than in the rural areas.					
49. Credit should be used as a part of the operating funds in the business.					
50. A lot of ambition could offset the need to use borrowed money in business.					
51. A businessman needs to specialize to stay in business.					
52. Using credit releases cash that can be spent on other things.					
53. I find it best not to be the first to try a new business method.					

	SA	A	U	D	SD
54. Prices should be left free without controls.					
55. There is not enough research in business.					
56. Operators of a business who do not use new ideas do not stay in business very long.					
57. Owners of small businesses have had too little advertising of their products, resulting in low incomes.					
58. Borrowing puts an owner at the mercy of the lender.					
59. Owners should plan the next year's operation at least a year ahead of time.					
60. A business owner should be conservative about spending.					
61. An owner should be aggressive and not always bet on a sure thing.					
62. Business decisions should be based mostly on experience.					
63. A good businessman should not be in debt.					
64. The less government in business activities, the better.					
65. An ideal business is one in which all the work can be done by the owner and his family.					
66. Once out of debt, an owner should try to stay out.					
67. Being your own boss is the best part of owning your own business.					
68. Good hard work and lots of it is the only way to be a successful businessman.					
69. Owners should use credit only when absolutely necessary.					
70. Operating a business cannot be done without records.					
71. Most articles in business magazines are impractical.					
72. The business is the foundation of the family.					
73. The owner should use some of their savings to expand their operation.					
74. Owners should be careful about using new methods and products until they have seen them work in other businesses.					
75. I think I am among the first to adopt a new business practice.					

	SA	A	U	D	SD
76. The government should help beginning businesses to get started.					
77. The most successful businessman is one who is the best leader in the community.					
78. Market prices being set by private marketing organizations has caused low income.					
79. The most successful businessman is one who has interests and rewards that do not depend on income.					
80. Business management education helps the owner to do a better job.					
81. Instead of depending on savings, an owner should use credit in expanding and operating his business.					

APPENDIX F

SPANISH TRANSLATION OF BUSINESS ATTITUDINAL INVENTORY.

INVENTARIO DE LAS ACTITUDES DE NEGOCIO

INSTRUCCIONES

Por favor lean cada declaracion cuidadosamente. Usando la escuela que sigue cada declaracion, marque con esta señal (✓) en la columna que mejor refleja su actitud respecto a lo que se ha expresado. Esté seguro de contestar todos los detalles manteniendo en su mente que no hay ninguna respuesta "correcta" o "incorrecta". Esta es una medida de actitudes—no es un examen.

EJEMPLO:

	firmemente de acuerdo	de acuerdo	indeciso	diferir firmemente	diferir
1. Las ganancias son necesarias para una empresa de negocio.	✓				
2. El negocio existe con la filosofía que: "el cliente siempre tiene razon."		✓			

SECCION PRIMERA

	firmemente de acuerdo	de acuerdo	indeciso	diferir	firmemente diferir
1. Para tener buen éxito en un negocio comercial se necesita la educación.					
2. Un individual empieza un negocio comercial para hacer dinero, no como estímulo para mejorar el mundo del negocio.					
3. Estoy a favor de intervención gubernativa en el funcionamiento del negocio.					
4. La educación de hoy satisface las necesidades de los estudiantes.					
5. La mayoría de los sistemas escolares locales son dirigidos adecuadamente.					
6. El objetivo de la educacion debe ser enseñar las necesidades individuales de los estudiantes.					
7. La educación de calidad debe ser gratuita para todos los que la desean.					
8. El estilo de vivir adoptado por una persona depende enteramente en la cantidad de educación que el o ella hayan adquirido.					
9. Más educación para adultos debe ser proveída para propietarios de comercios pequeños.					
10. Un talento especial para organizar, manejar o tomar riesgos comerciales no tiene nada que ver con el buen éxito del manejo de un negocio.					
11. Entre más educación tenga un hombre, lo mejor que puede gozar de la vida.					
12. Estoy muy satisfecho/a con las escuelas de mi comunidad.					
13. Es una buen idea que las escuelas se unan porque escuelas grandes ofrecen una gran variedad de materias.					
14. Los edificios en nuestro sistema escolar local necesitan mejoramiento.					

	firmemente de acuerdo	de acuerdo	indeciso	diferir	firmemente diferir
15. El dinero de impuestos debe usarse para pagar la colegiatura de estudiantes de colegio quienes no pueden hacer el gasto de otro modo.					
16. Los estudiantes deben pagar el costo de educación suprior sugún su habilidad de pagar y la de su familia.					
17. Los objetivos de la educación deben ser determinados por los intereses de los niños.					
18. No es buena idea que las escuelas se unan porque las clases se hacen muy grandes y hay menos atención personal.					
19. Yo respeto a un hombre con una educación universitaria.					
20. Una educación de universidad para un comerciante cuesta más que lo que vale.					
21. Los maestros son definitivamente malpagados.					
22. Un entrenamiento escolar ayuda poco cuando uno se enfrenta con los problemas reales de la vida.					
23. La unión de las escuelas es mala idea porque las escuelas pequeñas proveen una educación mejor.					
24. Las Escuelas Secundarias deben concentrarse en preparar a la gente para la universidad.					
25. Buenas clases de negocio valen muchos dias, semanas o años de actual experiencia de negocio.					
26. Los padres de familia deben estar dispuestos a dejar a sus hijos entrar en deudad para obtener mas educación.					
27. La educación debe ser obligatoria desde el principio hasta el fin de catorce grados.					
28. Debe evitarse la ayuda federal a la educación.					
29. Los maestros de las escuelas públicas son las personas más importantes de la comunidad.					
30. Yo deseo haber aprendido más acerca de matemáticas y la ciencia cuando iba a la escuela.					

	firmemente de acuerdo	de acuerdo	indeciso	diferir firmemente	diferir
31. La gente joven está adquiriendo demasiada educación.					
32. Deseo haber ido a la escuela por mas años de lo que fuí.					
33. Nuestras escuelas animan al individuo que piense por sí mismo.					
34. La parte más importante de la educación de una persona debe obtenerse por medio de su labor en el negocio.					
35. Un propietario puede obtener toda la información que necesita por medio de publicaciones de negocio.					
36. Padres de familia deben estar dispuestos a entrar en deuda para que sus hijos puedan tener más educación.					
37. Las escuelas más grandes tienen los mejores maestros y libros y más dinero para seguir las mas recientes direcciones educativas.					
38. Es una gran desventaja el no haber terminado la escuela secundaria.					
39. Es buena idea que las escuelas se unan porque es más económico y hay mejores facilidades a menos costo.					
40. La combinación de escuelas es buena idea porque las escuelas grandes atraen a los mejores maestros.					

SECCION II

	firmemente de acuerdo	de acuerdo	indeciso	diferir firmemente	diferir
1. Un gerente jóven debe tener un objetivo de que algun día será dueño de sus propio negocio.					
2. A los banqueros les interesa recibir los más altos porcentajes de interés, sin hacer caso del efecto de esto en los propietarios del negocio.					
3. Me gusta poner a prueba nuevas ideas para el adelantamiento de ventas.					
4. Apostando salamente en buenas oportunidades es generalmente lo mejor.					
5. Uno tiene que trabajar todo el ano en negocio para tener buen éxito.					
6. Las nuevas ideas en negocio tienen que ser templadas con las antiguas.					
7. Es más probable que un dueño de negocio goce más de su trabajo que otra clase de trabajadores.					
8. Se necesita más capacidad de manejo para operar un negocio de ventas al por menor en la ciudad que en las áreas rurales.					
9. El crédito debe usarse como una parte de los fondos operativos en el negocio.					
10. Mucha ambición podría contrapesar la necesidad de usar dinero prestado en negocios.					
11. Un comerciante necesita especializarse para quedarse en negocio.					
12. El uso del crédito libra el dinero constante que puede ser gastado en otras cosas.					
13. Yo creo que lo mejor es no ser el primero en poner a prueba un negocio nuevo.					
14. Los precios deben dejarse libres sin mando.					
15. No hay lo suficiente rebusca en negocio.					
16. Operadores de negocio quienes no usan nuevas ideas, no permanecen en negocio por largo tiempo.					

	firmemente de acuerdo	de acuerdo	indeciso	diferir firmemente	diferir
17. Los duenos de negocios pequeños han tenido muy poco anuncio de sus productos causando bajas entradadas de dinero.					
18. Pidiendo dinero prestado pone al dueño a merced del prestamista.					
19. Los dueños de negocios deben hacer planes para el manejo del ano entrante a lo menos un año antes de tiempo.					
20. Un comerciante debe ser conservativo en sus gastos.					
21. Un dueño de negocio debe ser agresivo y no debe apostar todo el tiempo en una cosa segura.					
22. Las decisiones de negocios deben ser basadas por la mayor parte en experiencia.					
23. Un buen comerciante no debe estar en deuda.					
24. Entre menos gobierno en actividades comerciales, mejor.					
25. Un negocio ideal es uno en cual todo el trabajo puede ser hecho por el dueño y su familia.					
26. Una vez fuera de deuda, un dueño de negocio debe procurar quedarse fuera.					
27. Siendo su propio patrón es la mejor parte de un negocio propio.					
28. La única manera de tener buen éxito como comerciante es trabajando mucho.					
29. Los dueños de negocio deben usar crédito solamante cuando es absolutamente necesario.					
30. No se puede manejar un negocio sin registros.					
31. La mayor parte de artículos en revistas de comercio no son prácticos.					
32. El negocio es el fundamento de la familia.					
33. El dueño de negocio debe usar una parte de sus ahorros para agrandar su operación.					
34. Dueños de negocio deben tener cuidado en el uso de metodos y productos nuevos hasta que los hayan visto funcionar en otros negocios.					

	firmemente de acuerdo	de acuerdo	indeciso	diferir firmemente	diferir
35. Yo creo que yo soy uno de los primeros en adoptar una nueva práctica de negocio.					
36. El gobierno debe ayudar a un negocio que está empezando.					
37. El más afortunado hombre de negocios es uno quien es el mojor líder en la comunidad.					
38. Precios corrientes puestos por organizaciones privadas de mercado ha causado bajas rentas.					
39. El comerciante con más éxito es uno quien tiene intereses y recompensas que no dependen de la renta.					
40. La educación del manejo de negocio ayuda al dueño hacer un trabajo mejor.					
41. En vez de depender en los ahorros, un dueno debe usar su crédito para agrandar y operar su negocio.					

APPENDIX G

SPANISH TRANSLATION OF
SUPPLEMENTARY BUSINESS ANALYSIS FORMS

Forma Suplementaria de Data
F 10, 1976

ANALISIS DE NEGOCIOS CHICOS
Universidad de Minnesota
Proyecto USOE 0733-5606

Nombre de negocio ______________________________

Domicilio ______________________________ Teléfono ____________

¿En que año comenzó su negocio actual como arrendatario? ______ ¿Como dueño del negocio? ________

Escuela donde esta Ud. matriculado ______________________________
Instructor ______________________

1. Miembros de la familia viviendo en su hogar durante este año

		Edad	Años de Escuela Cumplidos	Meses dedicados Al Negocio
Operador				
Esposo (a)				
Otros Miembros de la Familia				

11. Información del Negocio Durante el Año Anterior

Note: La siguiente información se refiere al año anterior del primer SBM análisis que Ud. recibió. Si este es su primer análisis, se refiere a la información del año de negocio 1974. Si este es su segundo análisis, se refiere al año de negocio 1973.

A. ¿Hubo algún cambio substancial en la manera de determinar cantidades, costos o valuaciones entre el inventario que se hizo al abrir y el que se hizo al cerrar el negocio durante el año anterior? (Véase la nota arriba) _____ Sí ______ No. Si la siguiente es "sí", describa el cambio.

____
____
____
____

B. Ganancia Neta o (pérdida) del negocio durante el año anterior. (Véase la nota de arriba) como demostrada en linea 21 del horario C. $____________

111. Información del Programa

A. Número Aproximado de millas recorridas (viaje redondo) a las clases de SBM. ____________ Millas.

B. Número de clases de SBM que usted asistió en 1974 _____ y en 1975 _____.

Lista de Revisión Para Cerrar el Libro de Contabilidad en un Negocio Chico

"Cerrar el libro de contabilidad" en un pequeño negocio es el término utilizado al hacer las últimas anotaciones al final del año en preparación para un análisis de un negocio. Después de que el libro de contabilidad es cerrado, dos formas son preparadas para el centro de análisis. La forma número uno es la data de inventario, "Inventory Data", y la forma número dos es la hoja de data de entradas y gastos, "Income and Expense Data". El libro de contabilidad deberá ser revisada para que esté completo y preciso antes de anotar información en las diferentes hojas de data. Debe tomarse precaución de que todas las figuras usadas sean tomadas directamente del libro de contabilidad.

El cerrar un libro de contabilidad de negocios chicos no es un trabajo difícil, pero sí toma tiempo. El omitir información tal vez será una deficiencia más común que el hacer entradas incorrectas. Por esta razón, ha sido preparada la siguiente revisión para ayudarle a revisar que el libro de contabilidad esté completo. Es importante tomar en cuenta que el análisis del negocio será solamente tan preciso como sea la información que va incluida en el reporte. Si la información que se escribe en el reporte no es correcta, entonces el análisis tampoco estará correcto.

Artículo de Revisión 1
Hojee el "record" y toda la información que la respalda. Vea cada sección para ver si la información está completa. Comience con la sección de "Ventas y Recibos" o sea "Sales and Receipts". Asegure que los resúmenes mensuales, trimestres y anuales estén completos. Si el manejante de negocio tiene el negocio departamentalizado, revise que las figuras de cada departamento estén completas. También asegure que las figuras estén sumadas correctamente.

Artículo de Revisión 2
Siga adelante con la sección de "Compras de Materiales y Mercancía" o sea "Purchases of Materials and Merchandise". Haga exactamente lo mismo qe se hizo en Artículo de Revisión 1. Revise la departamentalización de compras. Esta sección es donde mucha gente tiene la tendencia de hacer errores. Esta area es muy importante porque la compra de mercancía es probablemente uno de los gastos mayores que se hacen durante el año.

Artículo de Revisión 3
Siga adelante a la sección de gastos. Esta sección es complicada y hay la posibilidad de cometer errores y omisiones. Es necesario hacer una revisión mensual para asegurar de que las figuras estén correctas. Revise de que el manejante del negocio haya hecho correctamente las entradas de pagos de los siguientes: impuestos de ventas o sea "sales tax", deducciones que se le hicieron al empleado, descuentos tomados, renta pagada, reparaciones y otros categorías importantes. Las utilidades deben ser quebrados en categorías individuales. Estas categorías separadas (teléfono, electricidad, calefacción y agua) serán necesarias para completar con precision Data 2 de la forma de la

computadora. También quiebre la sección de impuestos y licencias, anuncios y aseguros, etc., que también deben ser separados para hojas de Data. Asegurece que el resumen de gastos sume lo mismo que las figuras mensuales y las trimestrales.

Artículo de Revisión 4

Revise la sección de nómina (payroll) del manejante de negocio para ver si toda figura ha sido escrita correctamente. Las figuras de la sección de nómina deben corresponder exactamente con las figuras de la suma general de gastos. Recuerde a los manejantes del negocio que las formas de "W-2 Wage and Tax Statement" se les vence a los empleados el 31 de enero. También asegurece que las gratificaciones o sea "bonuses", "overtime" y otras recompensas estén escritas correctamente en el libro de contabilidad.

Artículo de Revisión 5

Si el manejante del negocio tiene "accounts receivable", revise para asegurar que las anotaciones estén completas y correctas. Vale la pena hacerle preguntas al operador sobre la poliza que usa para colectar. Muchos negocios son muy lentos en su método de colectar. Esta area debe ser tratada con cuidado y precaución. Esta area debe ser analisada para asegurar que el manejante de negocio no sea muy lento y acarre deudas que son innecesarias. También debe ser revisada para que no sea muy estricta y pierda buen negocio por no tomar algun riesgo.

Artículo de Revisión 6

Generalmente, los negocios chicos llevan un número flexible de cuentas por pagar o sea "accounts payable". Esta también es una area que debe ser analisada cuidadosamente. Ayude al manejante del negocio a establecer un horario de cuentas por pagar, ("accounts payable") si el o ella no lo han hecho todavía. Muchos negocios no toman ventaja de descuentos y términos que ofrecen los surtidores (suppliers). Una seña de esto puede estar en la area de gastos. Un vistazo a esta puede darle a saber si el manejante del negocio toma ventaja de los descuentos o no. Otro lugar donde puede rivisar es el horario o sea "A/P Aging Schedule". Esta es una area que muchas personas piensan no vale la pena revisar, pero ha sido comprobado que es una manera excelente de recordar los gastos innecesarios. En estos tiempos que existe la presión de la inflación, muchos surtidores han usado descuentos para ayudar a revitalizar sus posiciones de dinero. Si el manejante del operador negocio tiene los fondos, una sujestión puede ser apropiada en esta area.

Artículo de Revisión 7

Esta es para cuentas especiales tales como las de records de préstamos y antociones (loan and note records) para deudadas malas (bad debts), cuentas de inventario (inventory accounts), cuentas del proprietario (proprietor's accounts), horarios de depreciacion (depreciation schedules) y otras cuentas que apoyen la información que el dueño pueda tener. Todo esto debe ser revisado para aseguar que esté completo y correcto. Muchos propretarios dejan estas cuentas para el último momento. Si es posible, anímelos a que pongan continuamente al día sus cuentas. A lo largo es mas fácil trabajar con contidades chicas, en lugar de tener una cantidad tremenda al fín de año.

Generalmente la sección de deudas (liability) de los records puede ser revisada fácilmente para evitar errores y omisiones. La fórmula general de: inventario de liabilities tomado al principio mas prestamos, debe igualarse a inventario del final de "liabilities" mas dinero pagado en deudas. En estas deudas no va incluido el interes.
Si los "liabilities" salen bien, si es de que balanceen, entonces debe hacerse una sencilla revisión del dinero en todo el libro de "records". La revisión de "cash" es simplemente una revisión de todos los ingresos, el dinero que entra y el que sale, Total de ingresos, "Total Income" (Ingresos del Negocio + Todos Otros Ingresos + Préstamos) debe equivaler a Total Cash Outgoes o sea Total de salidas de dinero (Gastos + Pagos en Deudas + Gastos de la Familia o dinero que saca el dueño). Esto viene siendo (Total Income + All Other Income + Money Borrowed) = Total Cash Outgoes (Business Expense + Payment on Debt + Family Living Expense or Proprietor's Draw).

Artículo de Revisión 8
La revisión final debe ser la de gastos personales. Es fácil revisar que todo esté correcto pero es casi imposible revisar que todo esté completo.

El manejante se dará cuenta que esta cuenta es importante para el futuro de su familia y para el de su personal. La forma de data 2 demuestra las diferentes clasificaciones que son necesarias para el análisis del fin de año. Revise que estas cuentas estén escritas en las cuentas personales (o sea en las "personal accounts").

Un punto muy importante que el alumno debe reconocer es que la precisión con que se hizo el libro de record ("record book") será reflejado no solo en el análisis que se hace al fin del año sino también en los "income taxes", federales y estatales.

El manejante del negocio debe comprender que poco trabajo es mucho más fácil y más práctico que mucho trabajo al fin del año.

Reconstruyendo las transacciones de todo un año puede ser una tarea imposible. Por esta razón, es benéfico que el estudiante mantenga los libros en un programa contínuo y sistemático.

Company ______________________ Year ______________

ADDRESS ______________________ IRS ID# ______________

CASH CONTROL SHEET

	GROSS	INC TAX	F I C A	OTHER	N E T
JAN					
TOTAL JAN					
FEB					
TOTAL FEB					
MAR					
TOTAL MAR					
TOTAL QTR					

	GROSS	INC TAX	F I C A	OTHER	N E T
APR					
TOTAL APR					
MAY					
TOTAL MAY					
JUN					
TOTAL JUN					
TOTAL QTR					

	GROSS	INC TAX	F I C A	OTHER	N E T
JUL					
TOTAL JUL					
AUG					
TOTAL AUG					
SEPT					
TOTAL SEPT					
TOTAL QTR					

	GROSS	INC TAX	F I C A	OTHER	N E T
OCT					
TOTAL OCT					
NOV					
TOTAL NOV					
DEC					
TOTAL DEC					
TOTAL QTR					
TOTAL YEAR					

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APPENDIX H

CORRELATION MATRIX--VARIABLES AFTER PRE-ELIMINATION.

CORRELATION MATRIX -- VARIABLES AFTER PRE-ELIMINATION

Observations in ( )

Variable	1	2	3	4	5	6	7	8
1. Age	1.0000 (73)							
2. Years Schooling	-.2239 (72)	1.0000 (72)						
3. 1973 Net Profit	.3314 (15)	-.6545 (15)	1.0000 (15)					
4. 1973 Sales	.4768 (15)	-.4185 (15)	.6629 (15)	1.0000 (15)				
5. 1974 Net Profit	.1791 (70)	-.1413 (69)	.7360 (15)	.5207 (15)	1.0000 (71)			
6. 1974 Sales	.2456 (70)	-.0873 (69)	.6478 (15)	.9988 (15)	.6362 (71)	1.0000 (71)		
7. 1975 Net Profit	.2259 (61)	.0063 (61)	.5055 (15)	.2442 (15)	.5612 (61)	.5193 (61)	1.0000 (62)	
8. 1975 Sales	.1686 (60)	-.0740 (60)	.6728 (15)	.9952 (15)	.6249 (60)	.9525 (60)	.6258 (61)	1.0000 (61)
9. 1974 Added Net Profit	.0330 (15)	-.3020 (15)	.3691 (15)	-.2057 (15)	.3571 (15)	-.1852 (15)	.0180 (15)	-.1651 (15)
10. 1974 Added Sales	-.1314 (15)	.5263 (15)	-.6811 (15)	-.7011 (15)	-.3718 (15)	-.6661 (15)	-.1058 (15)	-.6736 (15)
11. 1975 Added Net Profit	.2133 (59)	.1226 (59)	-.2529 (15)	-.3144 (15)	.0510 (60)	.1442 (60)	.8294 (60)	.2894 (60)

CORRELATION MATRIX -- VARIABLES AFTER PRE-ELIMININATION

Observations in ( )

Variable	1	2	3	4	5	6	7	8
12. 1975 Added Sales	-.1187 (59)	.1037 (59)	-.4719 (15)	-.8199 (15)	.0749 (60)	.1840 (60)	.5053 (60)	.4723 (60)
13. 1974 Index of Net Profit	.1594 (15)	-.0057 (15)	-.0043 (15)	-.0641 (15)	.4771 (15)	-.0416 (15)	-.0095 (15)	-.0437 (15)
14. 1975 Index of Net Profit	.4987 (15)	.0918 (15)	.1318 (15)	-.1446 (15)	.1780 (15)	-.1238 (15)	.5878 (15)	-.0898 (15)
15. Single Year Index	-.1241 (52)	.0164 (52)	.3599 (15)	-.4320 (15)	-.1624 (53)	-.1410 (53)	.1026 (53)	-.0984 (53)
16. 1974 Individual B/C Ratio NP	.0410 (15)	.3059 (15)	-.3777 (15)	-.2065 (15)	.3480 (15)	-.1861 (15)	.0006 (15)	-.1668 (15)
17. 1975 Individual B/C Ratio NP	.2270 (59)	.1264 (59)	-.2622 (15)	-.2999 (15)	.0719 (60)	.1785 (60)	.8327 (60)	.3298 (60)
18. 1974 Community B/C Ratio NP	.0359 (15)	.3035 (15)	-.3723 (15)	-.2059 (15)	.3538 (15)	-.1855 (15)	.0116 (15)	-.1657 (15)
19. 1975 Community B/C Ratio NP	.2144 (59)	.1267 (59)	-.2556 (15)	-.3107 (15)	.0466 (60)	.1504 (60)	.8255 (60)	.2957 (60)
20. 1974 Community B/C Ratio Sales	-.1067 (15)	.5266 (15)	-.6704 (15)	-.6871 (15)	-.3464 (15)	-.6515 (15)	-.0883 (15)	-.6578 (15)
21. 1975 Community B/C Ratio Sales	-.1116 (59)	.1040 (59)	-.4554 (15)	-.8069 (15)	.0827 (60)	.1931 (60)	.5103 (60)	.4905 (60)
22. NORPER-PreTest	-.1106 (31)	.6050 (31)	-.6135 (9)	-.4567 (9)	.2143 (31)	.2615 (31)	.0755 (32)	.2705 (31)

CORRELATION MATRIX -- VARIABLES AFTER PRE-ELIMINATION

Observations in ( )

Variable	1	2	3	4	5	6	7	8
23. Education-PreTest	.3587 (31)	-.2557 (31)	-.0485 (9)	-.3655 (9)	.0065 (31)	-.0503 (31)	.0105 (32)	-.0430 (31)
24. Innovative-PreTest	.3160 (31)	-.3291 (31)	.4560 (9)	.1149 (9)	-.0921 (31)	-.3035 (31)	-.0148 (32)	-.3294 (31)
25. Conservative-PreTest	.0265 (31)	-.0127 (31)	-.4239 (9)	-.4217 (9)	-.0122 (31)	-.1923 (31)	.0644 (32)	-.0907 (31)
26. NORPER-PostTest	.0653 (18)	.2477 (18)	.4248 (6)	-.9132 (6)	.1306 (18)	-.4696 (18)	.0125 (19)	-.4433 (19)
27. Education-PostTest	.1290 (15)	-.2843 (15)	.1180 (6)	-.5435 (6)	-.1204 (14)	-.3379 (14)	-.2051 (15)	-.2194 (15)
28. Innovative-PostTest	.0513 (15)	-.2720 (15)	.7652 (6)	.2631 (6)	-.0316 (14)	-.1262 (14)	.2897 (15)	-.2194 (15)
29. Conservative-PostTest	-.1730 (15)	.0343 (15)	.0298 (6)	-.6386 (6)	-.1810 (14)	-.5315 (14)	.2033 (15)	-.4209 (15)

CORRELATION MATRIX -- VARIABLES AFTER PRE-ELIMINATION

Observations in ( )

Variable	9	10	11	12	13	14	15	16
9.	1.0000 (15)							
10.	.4404 (15)	1.0000 (15)						
11.	.3241 (15)	.4542 (15)	1.0000 (60)					
12.	.4002 (15)	.7197 (15)	.5405 (60)	1.0000 (60)				
13.	.6820 (15)	.3806 (15)	.0093 (15)	.1703 (15)	1.0000 (15)			
14.	.0831 (15)	.4152 (15)	.5848 (15)	.4333 (15)	.4450 (15)	1.0000 (15)		
15.	.3634 (15)	.3651 (15)	.2294 (53)	.0807 (53)	-.1471 (15)	.2419 (15)	1.0000 (53)	
16.	.9993 (15)	.4407 (15)	.3124 (15)	.3952 (15)	.6809 (15)	.0741 (15)	.3554 (15)	1.0000 (15)
17.	.3448 (15)	.4538 (15)	.9922 (60)	.5741 (60)	.0155 (15)	.5740 (15)	.2008 (53)	.3363 (15)
18.	.9999 (15)	.4405 (15)	.3199 (15)	.3983 (15)	.6817 (15)	.0797 (15)	.3605 (15)	.9995 (15)
19.	.3301 (9)	.4546 (9)	.9986 (30)	.5433 (30)	.0110 (9)	.5824 (9)	.2281 (27)	.3192 (9)

CORRELATION MATRIX -- VARIABLES AFTER PRE-ELIMINATION

Observations in ( )

Variable	9	10	11	12	13	14	15	16
20.	.4603 (15)	.9992 (15)	.4649 (15)	.7191 (15)	.3954 (15)	.4238 (15)	.3718 (15)	.4609 (15)
21.	.4074 (15)	.7087 (15)	.5409 (60)	.9998 (60)	.1723 (15)	.4363 (15)	.0786 (53)	.4024 (15)
22.	.4032 (9)	-.0030 (9)	.0497 (30)	.2019 (30)	-.2552 (9)	-.3833 (9)	-.4835 (27)	.4032 (9)
23.	-.2853 (9)	-.2434 (9)	.0033 (30)	-.0453 (30)	-.4765 (9)	-.5206 (9)	.0927 (27)	-.2853 (9)
24.	.0067 (9)	-.2287 (9)	.0317 (30)	-.2545 (30)	.3660 (9)	.2065 (9)	.2894 (27)	.0068 (9)
25.	.2078 (9)	.0080 (9)	.0517 (30)	.1664 (30)	-.2243 (9)	-.4432 (9)	.0873 (27)	.2077 (9)
26.	.6055 (6)	.1663 (6)	.1125 (18)	.1530 (18)	.0752 (6)	-.2637 (6)	-.0938 (17)	.6055 (6)
27.	.0823 (6)	-.4729 (6)	-.1694 (14)	-.0158 (14)	-.1210 (6)	-.5412 (6)	-.1532 (13)	.0822 (6)
28.	-.2254 (6)	-.0711 (6)	.2626 (14)	-.0296 (14)	.4621 (6)	.3195 (6)	.4930 (13)	-.2253 (6)
29.	.1006 (6)	-.0075 (6)	.2384 (14)	.3807 (14)	-.0808 (6)	-.0969 (6)	.3339 (13)	.1006 (6)

CORRELATION MATRIX -- VARIABLES AFTER PRE-ELIMINATION

Observations in ( )

Variable	17	18	19	20	21	22	23	24
17.	1.0000 (60)							
18.	.3417 (15)	1.0000 (15)						
19.	.9959 (60)	.3261 (15)	1.0000 (60)					
20.	.4664 (15)	.4605 (15)	.4658 (15)	1.0000 (15)				
21.	.5755 (60)	.4055 (15)	.5441 (60)	.7090 (15)	1.0000 (60)			
22.	.0901 (30)	.4033 (9)	.0602 (30)	-.0030 (9)	.2046 (30)	1.0000 (32)		
23.	-.0025 (30)	-.2852 (9)	.0019 (30)	-.2435 (9)	-.0430 (30)	-.0505 (32)	1.0000 (32)	
24.	-.0165 (30)	.0067 (9)	.0193 (30)	-.2287 (9)	-.2537 (30)	-.2161 (32)	.2300 (32)	1.0000 (32)
25.	.0696 (30)	.2079 (9)	.0564 (30)	.0079 (9)	.1699 (30)	.2390 (32)	.3156 (32)	.2951 (32)
26.	.1379 (18)	.6056 (6)	.1189 (18)	.1662 (6)	.1540 (18)	.5140 (19)	.1539 (19)	-.1871 (19)
27.	-.1677 (14)	.0823 (6)	-.1692 (14)	-.4729 (6)	-.0145 (14)	.1584 (15)	.6837 (15)	.0866 (15)

CORRELATION MATRIX -- VARIABLES AFTER PRE-ELIMINATION

Observations in ( )

Variable	17	18	19	20	21	22	23	24
28.	.2069 (14)	-.2254 (6)	.2490 (14)	-.0712 (6)	-.0311 (14)	-.3080 (15)	-.0964 (15)	.6990 (15)
29.	.2461 (14)	.1006 (6)	.2406 (14)	-.0076 (6)	.3798 (14)	.1467 (15)	.0283 (15)	.2932 (15)

CORRELATION MATRIX -- VARIABLES AFTER PRE-ELIMINATION

Observations in ( )

Variable	25	26	27	28	29
25.	1.0000 (32)				
26.	.5663 (19)	1.0000 (19)			
27.	.2835 (15)	.5142 (15)	1.0000 (15)		
28.	.0184 (15)	-.2390 (15)	-.2135 (15)	1.0000 (15)	
29.	.7807 (15)	.5264 (15)	.1749 (15)	.4163 (15)	1.0000 (15)

BEST COPY AVAILABLE

APPENDIX I

SMALL BUSINESS MANAGEMENT BROCHURE.

The regular instruction in business management skills and techniques is supplemented by special classes in business technology such as advertising, promotion, sales techniques, display and other topics for which the class members express high interest.

Classes begin in the fall and continue throughout the year.

Anyone operating a business is eligible for the program. Persons may enroll by contacting their local public school, post-secondary school or college. See the back cover for the specific school for your area.

Enrollment fees are determined by each institution and vary from community to community. Fees are used to help pay for instruction, the annual business analysis and other study materials.

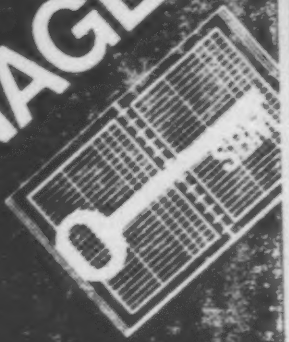
The project presented or reported herein was performed pursuant to a Grant from the U.S. Office of Education, Department of Health, Education, and Welfare. However, the opinions expressed herein do not necessarily reflect the position or policy of the U.S. Office of Education, and no official endorsement by the U.S. Office of Education should be inferred.

PLACE
STAMP
HERE

FROM SMALL B[illegible] MANAGEMENT PROJECT
[illegible] Building
University of Minnesota
Saint Paul, Minnesota 55103

TO

SMALL BUSINESS MANAGEMEN



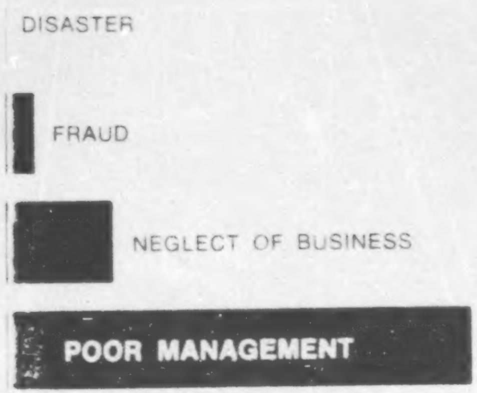
AN ADULT EDUCATIONAL PROGRAM

nall Business Management Program brings
nefits of instruction in business manage-
o small business operators and their fami-
he program is operated through public
ls, post-secondary schools and colleges.

ain purpose of the program is to assist busi-
perators in achieving their business and
goals through the improved management,
zation and operation of their business.

businesses constitute 95 percent of all oper-
businesses in the country and employ 40
nt of the total work force. Although small
sses generate much of the country's em-
ent, they can also account for much of the
loyment.
proximately 440,000 small businesses open
h year, and 400,000 fail each year. Many of
failures are not attributed to lack of capital
nical knowledge, but rather to lack of man-
nt skills.

USES OF BUSINESS FAILURES



Adult instruction in Small Business Management is based upon a definite plan of instruction. Each program is organized around the following ideas.

1. There are specific enrollees in each class; enrollment is limited.
2. Specific units of instruction are part of each course.
3. The courses are offered in a definite sequence.
4. There is continuity between courses leading toward the accomplishment of business and family goals.
5. Individual instruction is offered for each class member in his/her own business.

Business record analysis is a vital part of the program. Up-to-date records are kept of all business transactions and important family expenditures. At the close of each business year the record is analyzed to determine the strengths and weaknesses of the business.

The program is based on a highly successful farm management program which has been in operation for more than 20 years. Farmers and ranchers enrolled in the program gained over $4 for each dollar they invested in the program.

Instruction includes monthly class sessions held at a local school, and individual instruction by the instructor at each business. During these visits the business family and instructor can study specific questions and problems pertaining to the individual business. At-the-business instruction is planned and scheduled in advance by the business operator and instructor.

The main emphasis is on business management instruction. Classroom instruction involves

1st year	Business records and accounts
2nd year	Business analysis
3rd year	Business organization

Using applied business management principles, instructors discover with the enrollees the strengths and weaknesses of their businesses. Through skills gained in this program, the weaknesses can then be minimized, allowing the business operator to make progress toward his/her established goals.

Developed by
Division of Agricultural Education
and Research Coordinating Unit
University of Minnesota
St. Paul, Minnesota

APPENDIX J

SMALL BUSINESS MANAGEMENT NEWSLETTER.

SMALL BUSINESS MANAGEMENT
SBM

DIVISION OF AGRICULTURAL EDUCATION
AND RESEARCH COORDINATING UNIT
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University of Minnesota
St. Paul, Minnesota 55108
Tel 612-373-1020

Project Director: Edgar Persons

AN ADULT EDUCATIONAL PROGRAM

Volume II, No. 9 SMALL BUSINESS MANAGEMENT NEWSLETTER June, 1976

Notice: Wally Hoffman at Specialized Data Systems has a new phone number 608-274-7770. Instructors please note this change for your records.

All-Instructor Meeting Reports: In-state and out-state instructors met with SBM staff May 24 and 25 at the University of Minnesota. Attending the meetings were Don Jonson, Thief River Falls, Roger Krueger, Faribault, Cliff Olson, Anoka, C. K. Turner, Greensboro, Manual Torres, Brownsville and Lee Kuluvar, Craig Schauffert, Ed Persons and Rodger Palmer, SBM staff. Irma Salinas, GED Instructor, Brownsville schools also was present. She will have responsibilities for developing a bilingual approach to the SBM program. Eldon McCabe was also present.

Each instructor reported briefly on his program.

Thief River: Don Jonson reported that 80 percent of his initial class is now self-sustaining except for special problems. SBM class sessions are open to all prior enrollees if they wish to repeat a class or wish to make up a class missed.

Anoka: Cliff Olson indicated that class attendance in SBM I has been almost perfect and that SBM II and III are less well attended. Advisory committee members have assisted with class presentations. Cliff also expressed the importance of maintaining contact with prior enrollees. Both Cliff and Don have noted a wide range of skill levels in their groups and express concern for adjusting their teaching accordingly.

Fairbault: Roger Krueger identified the advisory committee as a resource not presently used to its potential. He also suggested that a going into business class could fulfill a need for persons interested in business but not yet involved in a business.

Greensboro: C. K. Turner indicated that the SBM participants' response to the business analysis has been very favorable. He described ways in which cooperating businesses have been aided by starting a business agencies.

Fort Wingate: Eldon McCabe's emphasized the importance of a bilingual program for his setting involving native American Indians. He described problems encountered in implementing a formal classic model of business and education in his setting.

Brownsville: The importance of a bilingual program was also expressed by Manual Torres. He indicated the need to expand his present program to serve the needs that exist in his area for small business meeting training.

Enrollments for each SBM Program were reported as follows:

Minnesota Programs	SBM III	SBM II	SBM I	TOTAL
Thief River	13	13	10	36
Anoka	4	11	17	32
Fairbault	4	9	11	24
TOTAL:	21	33	38	92
Out-Of-State Programs				
Greensboro, N.C.		15	9	24
Ft. Wingate, New Mexico			0	16
Brownsville		11	18	29
TOTAL:		26	43	69
Total, All Programs:	21	59	81	161

Benefit/Cost Ratios: An effort was made to determine what the return (benefit) might be for the educational dollar (costs) invested in a SBM program. Benefits were calculated by determing the added net profit and sales during the period of student enrollment in the SBM Program. The added dollars were adjusted to a constant dollar figure equal to that of the first year students were enrolled. Costs were calculated for the individual and the community. These costs included direct costs and opportunity costs to both the individual student and the community.

The results of the study showed the following:

	No. of Business in Sample	B/C Ratio
1974 Individual Benefit/Cost Net Profit	15	12.08 : 1
1975 Individual Benefit/Cost Net Profit	60	11.43 : 1
1974 Community Benefit/Cost Net Profit	15	5.52 : 1
1975 Community Benefit/Cost Net Profit	60	5.21 : 1
1974 Community Benefit/Cost Sales	15	7.49 : 1
1975 Community Benefit/Cost Sales	60	29.77 : 1

The Benefit/Cost ratio reported indicates that for every one dollar invested, the individual or community receives a return as reported in the above data. While the above data appears very positive, one should interpret it with caution. The sample size is small, however, the ratios appear sufficiently positive to offset the small sample. In looking at the data the reader will observe a smaller ratio in 1975 for the first two ratios compared to 1974. The primary explanation for this may be that the increased sample size offers a better cross section of the business community.

The full report on Benefit/Cost ratios will be available in Vol. IV, Final Report, SBM Project

Thanks: An expression of appreciation and thanks is extended to those who served on the Business and Professional Advisory Committees for the SBM Project. The ideas and talents contributed by advisory committee members were vital element in the development of the SBM Project.

Seven new Sites Selected in Minnesota: Sites for seven new SBM Programs in Minnesota to be implemented fall, 1976 have been selected. The sites will be announced pending notification of those selected.

This newsletter is officially the final issue of the SBM Newsletter. Pending notification from the U.S. Office of Education regarding follow-up activities, the SBM staff will continue to provide in-service training and a communication vehicle for present and new instructors.

The SBM Newsletter is a monthly publication prepared and distributed by the Small Business Management staff at the University of Minnesota, St. Paul.
The Staff: Dr. Edgar Persons, Rodger Palmer, Craig Schauffert, Sabra Mumford, Susan Miller, Ruth Thomas, Editor

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